

Missouri Individual Income Tax Report

JOINT COMMITTEE ON TAX POLICY

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- A- UM-Columbia Economic Policy Analysis and Research Center Report on Individual Income Tax
- B- Form MO-1040A (Any filing status, single income)
- C- Form MO-1040B (Married filing combined, 2 incomes)
- D- Form MO-PTS (Property Tax Application with Income Tax Form)
- E- Form MO-1040P
- F- Form MO-1040 Long Form (Includes Forms MO-A, MO-CR, MO-NRI, and M0-CRP)
- G- Form MO-PTC (Property Tax Credit without filing Income Tax Form)
- H- 2005 Missouri Income Tax Reference Guide, Department of Revenue
- I- Form MO-1041 (Fiduciaries)
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- K- Form MO-TC (Tax Credits)
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Background

The modern Missouri income tax became effective on January 1, 1917, the same year the modern federal income tax was introduced. The rate at the time was .5%; the base was net income. Exemptions and deductions were not instituted until two years later; the current rate structure was introduced in 1931.¹

While both Missouri and the federal government had introduced an income tax at the same time, the taxes were not intertwined as they are now. Effective January 1, 1973, Missouri coupled with the Federal Income Tax Code. This meant that the Missouri individual income tax was defined according to federal statutes. Not only does Missouri allow federal adjusted gross income (FAGI) as the base of the tax (which becomes Missouri adjusted gross income after allowing for certain adjustments specific to Missouri), but Missouri allows for the same deduction (either the standard deduction or itemized deductions) as the federal government allows. However, the exemption amounts for the taxpayer(s) and dependent(s) for the Missouri income tax differ than those allowed by the federal government (the differences are outlined later in this document).

Returns

The following entities must file a Missouri income tax return with the Department of Revenue:

1. Resident individuals who have a Missouri AGI of \$1,200 or more- the Director of Revenue may change this amount to a greater amount if deemed necessary

¹ This information was taken from the Economic Policy Analysis and Research Center Report regarding the individual income tax in Missouri. A copy of this report is included as Appendix A.

2. Nonresident individuals who have a Missouri nonresident AGI of \$600 or more-
the Director of Revenue may change this amount to a greater amount if deemed
necessary
3. Resident estates or trusts which are required to file a federal income tax return
4. Nonresident estates which have a Missouri income of \$600 or more for the tax
year
5. Nonresident trusts which have for the tax year either:
 - a. Any taxable income
 - b. Gross income of \$600 or more regardless of the amount of taxable income
6. Corporations which:
 - a. Are not an exempt corporation outlined in section 143.441, subsection 2,
RSMo
 - b. Are required to file a federal income tax return
 - c. Have a gross income from within Missouri of \$100 or more²

Forms

Missouri has six different income tax forms. The use of the form depends on the individual taxpayer; each form has specific qualifications.

I. Form MO-1040A³ may be used if:

- a. Any filing status, but only one income earner, all earned in Missouri;
- b. Standard or itemized deductions;

² Section 143.481, RSMo

³ This form is included as Appendix B.

- c. Your state income tax refund is included in your federal income (if itemized last year);
- d. Resident, nonresident, or part-year resident with 100 percent Missouri source income;
- e. Do not have any tax credits or modifications to your income.

II. Form MO-1040B⁴ may be used if:

- a. Married filing combined status;
- b. Both spouses have income; all earned in Missouri;
- c. Standard or itemized deductions;
- d. Neither spouse is being claimed as a dependent on another person's federal return;
- e. Your state income tax refund is included in your federal income (if itemized last year);
- f. Resident, nonresident, or part-year resident with 100 percent Missouri source income;
- g. Do not have any tax credits or modifications to your income.

III. Form MO-PTS⁵ must be used if:

- a. Filing Form MO-1040P and claiming the Property Tax Credit;
- b. Filing Form MO-1040 (long form) and claiming the Property Tax Credit.

IV. Form MO-1040P⁶ may be used if:

- a. Any filing status is claimed;
- b. One or two income earner; all earned in Missouri;

⁴ This form is included as Appendix C.

⁵ This form is included as Appendix D.

⁶ This form is included as Appendix E.

- c. Standard or itemized deductions;
- d. Your state income tax refund is included in your federal income (if itemized last year);
- e. You claim a pension exemption (private or public);
- f. Estimated tax payments were made;
- g. Resident, nonresident, or part-year resident with 100 percent Missouri source income.

V. Form MO-1040 (long form)⁷ must be used if:

- a. Miscellaneous tax credits (taken on Form MO-TC) are claimed;
- b. Form MO-NRI or Form MO-CR is used;
- c. Any Missouri modifications claimed other than a state income tax refund subtraction;
- d. You owe a penalty for underpayment of estimated tax;
- e. You are filing an amended return;
- f. You owe recapture tax on low income housing credit;
- g. You owe tax on a lump sum distribution included on Federal Form 1040, Line 44;
- h. You are a member of a nonresident professional athletic team or a professional entertainer;
- i. Payment is made with Form MO-60;
- j. You are claiming a deduction for dependents age 65 or older;
- k. You are a fiscal year filer.

VI. Form MO-PTC⁸ must be used if:

⁷ This form is included as Appendix F and includes Forms MO-A, MO-CR, MO-NRI, and M0-CRP.

You are not filing an individual income tax return (Form MO-1040 or MO-1040P) and you qualify for a property tax credit.⁹

Federal Adjusted Gross Income

FAGI is defined “your taxable income from all sources including wages, salaries, tips, taxable interest, ordinary dividends, taxable refunds, credits, or offsets of state and local income taxes, alimony received, business income or loss, capital gains or losses, other gains or losses, taxable IRA distributions, taxable pensions and annuities, rental real estate, royalties, farm income or losses, unemployment compensation, taxable social security benefits, and other income minus specific deductions including educator expenses, the IRA deduction, student loan interest deduction, tuition and fees deduction, Archer MSA deduction, moving expenses, one-half of self-employment tax, self-employed health insurance deduction, self-employed SEP, SIMPLE, and qualified plans, penalty on early withdrawal of savings, and alimony paid by you.”¹⁰ FAGI includes neither standard or itemized deductions nor the personal and dependent exemptions.

Missouri Adjusted Gross Income

In determining Missouri adjusted gross income (or MAGI), Missourians first take their FAGI and modify it with the following additions and subtractions.

⁸ This form is included as Appendix G.

⁹ The stipulations for all of the income tax forms were taken directly from the Department of Revenue’s *2005 Missouri Income Tax Reference Guide*, p.2-3. This document is included as Appendix H.

¹⁰ Description of FAGI obtained from the Internal Revenue Service website at:
http://www.irs.gov/app/freeFile/html/moreInfo/more_info_agi.html

Additions to Federal Adjusted Gross Income

- A. The amount of any federal income tax refund received for a prior year which resulted in a Missouri income tax benefit.^{11 12}
- B. The interest paid on state and local government obligations from sources other than Missouri excluded from the FAGI per Section 103 of the Internal Revenue Code (which can be reduced by related expenses if the expenses were over \$500).¹³
- C. The additions related to partnerships, fiduciaries, S Corporations as well as any amount of net operating loss included as a deduction in determining federal AGI which may be carried back for a period of two years and may be carried forward a period of 20 should be added FAGI.
- D. Nonqualified Distributions received from the Missouri Savings for Tuition Program. This includes a distribution which is withdrawn early or a distribution which is not used for qualified higher education expenses.¹⁴

Subtractions to Federal Adjusted Gross Income

- A. Interest or dividends on obligations of the United States. This amount is reduced by related expenses if the expenses were over \$500.
- B. Any state income tax refund from the previous tax year which was included in the federal adjusted gross income.

¹¹ Section 143.121, subsection 2a RSMo

¹² This section of the statutes, though without stated beginning and ending dates, is no longer used on the Missouri individual income tax forms. After contacting the Department of Revenue about the matter, it appears as though this part of the section was effective during a transition period shortly after Missouri coupled with the federal tax code. Currently, Missourians do not have to add their federal income tax return to their federal adjusted gross income.

¹³ Section 143.121, subsection 2b, RSMo

¹⁴ Section 166.435, RSMo

- C. The amount of any subtraction related to: partnership income, fiduciary income, S Corporation income, railroad retirement benefits, net operating losses, and military income for nonresidents.¹⁵
- D. The contributions made to, or earnings from the Missouri Savings for Tuition Program. Missouri allows a maximum contribution of \$8,000 per taxpayer.¹⁶
- E. Missouri depreciation adjustment.¹⁷

After these modifications are accounted for, the resulting number is Missouri Adjusted Gross Income.

Missouri Taxable Income

The Missouri taxable income of a resident shall be such resident's Missouri adjusted gross income less:

- (1) Either the Missouri standard deduction or the Missouri itemized deduction;
- (2) The Missouri deduction for personal exemptions;
- (3) The Missouri deduction for dependency exemptions;
- (4) The deduction for federal income taxes provided in section 143.171; and
- (5) The deduction for a self-employed individual's health insurance costs provided in section 143.113.¹⁸

¹⁵ Letters A, B, and C are all referenced in Section 143.121, RSMo.

¹⁶ Section 166.435, RSMo

¹⁷ Section 143.121, RSMo

Standard and Itemized Deductions

Each taxpayer may elect to deduct one of two choices from their Missouri adjusted gross income:

1. A standard deduction (the same standard deduction allowed by the federal government)¹⁹

The following are the federal government's standard deduction amounts:

STATUS	AMOUNT
-Single	\$5,000
-Married filing separately	\$5,000
-Married filing a joint return	\$10,000
-Qualifying Widow(er) with dependent(s)	\$10,000
-Head of Household	\$7,300

The standard deduction for dependents is the greater of:

- a. \$800; or
- b. The dependent's earned income plus \$250 (this amount cannot exceed \$5,000)

Should the taxpayer be blind and/or 65 or older and the taxpayer does not itemize deductions, then an additional standard deduction is allowed. If the taxpayer's status is single or head of household, an additional \$1,250 deduction is allowed. If the taxpayer's status is Married, Married filing separately, or a Qualifying widow(er) with dependent(s), then an additional \$1,000 deduction is allowed. For dependents that are blind or 65 or

¹⁸ This was taken verbatim from Section 143.111, RSMo

¹⁹ Section 143.131, RSMo

older, an additional \$1,250 deduction is allowed. If a dependent or taxpayer is both blind and 65 or older, then he or she may receive both of the additional deductions allowed.²⁰

2. An itemized deduction (the same itemized deduction allowed by the federal government with the following modifications)²¹

The Missouri itemized deduction is reduced by:

- A. The income tax paid to the state of Missouri
- B. The income tax paid to another state or Washington D.C.

The Missouri itemized deduction is increased by:

- A. The fair market value of a literary, musical, scholarly, or artistic composition contributed by a taxpayer to a tax exempt agency or institution which is operated on a non-for-profit basis²²
- B. The FICA tax paid, the Railroad Retirement Tax paid, and the tax on self-employment income paid if the taxes were not included in the computation of the federal adjusted gross income²³

The Internal Revenue Service offers the following advice on when to itemize deductions:

- If you do not qualify for the standard deduction, or the amount you can claim is limited
- If you had large uninsured medical and dental expenses during the year
- If you paid interest and taxes on your home

²⁰ Information on standard deductions were obtained from the Internal Revenue Service's website at the following web address: <http://www.irs.gov/publications/p501/index.html>

²¹ Section 143.141, RSMo

²² Section 143.141.3 RSMo. This is entered on part 2, line 1 under itemized deductions per the individual income tax instructions.

²³ Section 143.141, RSMo

- If you had large unreimbursed employee business expenses or other miscellaneous deductions
- If you had large uninsured casualty or theft losses
- If you made large contributions to qualified charities
- If you have total itemized deductions that are more than the standard deduction to which you otherwise are entitled.²⁴

Personal and Dependency Exemptions

The filing status claimed on the Missouri return must be the same as the status claimed on the federal return. However, the dollar amounts of personal exemptions are different.²⁵ The following represents the personal exemption amounts allowed by the state of Missouri:

STATUS	AMOUNT
-Single	\$2,100
-Married Filing Combined	\$4,200
-Married Filing Separate	\$2,100
-Married Filing Separate (spouse not filing)	\$4,200
-Head of Household	\$3,500
-Qualifying Widow(er) (with dependent child)	\$3,500

²⁴ Information was obtained from the Internal Revenue Service's website at the following web address: <http://www.irs.gov/publications/p501/index.html>

²⁵ The exemption amount for the federal government is \$3,200- applicable to each person listed on the taxpayer's federal tax return. This was obtained from the IRS document available at the following web address: <http://www.irs.gov/pub/irs-pdf/p501.pdf>

-Claimed as Dependent on another return	\$0
-Each Dependent claimed on the federal return other than yourself or your spouse	\$1,200
-Each Dependent who is 65 years of age and older who resides in the taxpayer's home or who lives in dependent's home who does not receive Medicaid while living in a facility licensed pursuant to Chapter 198, RSMo.	\$1,000

Deduction for Federal Income Tax

In determining Missouri taxable income, Missouri allows for the deduction of the paid federal income tax liability in the amount of up to \$5,000 on a single taxpayer's return or up to \$10,000 for a combined return. (Corporations can deduct up to 50% of their income tax liability in determining their Missouri taxable income.)²⁶

Self-Employed Person's Individual Health Insurance Costs

Missouri allows self-employed taxpayers a deduction for the amount of money spent on health insurance for the taxpayer, the taxpayer's spouse, and the taxpayer's dependents if the amount qualifies under the Internal Revenue Code. The amount is only deductible if the amount is not deducted on the taxpayer's federal income tax return for the taxable year.²⁷

Qualified Long-Term Care Insurance

Missouri residents may deduct up to 50% of all non-reimbursed payments for qualified long-term care insurance as long as the deduction is not already included in their itemized deduction. Married individuals filing separately may deduct qualified

²⁶ Section 143.171, RSMo

²⁷ Section 143.113, RSMo

long-term care insurance payments in proportion to the individual's expenses toward the insurance.²⁸

Special Cases

Income Tax Paid to another State

Missourians are allowed a credit for income taxes paid to another state which is applied to their Missouri income tax liability; however, a taxpayer's Missouri income tax liability can only be offset- Missourians who paid more in income tax to another state will not receive a credit above the amount of their Missouri income tax liability.²⁹

Pension Recipients

Missourians who receive a pension are allowed to deduct a maximum of \$6,000 from the income they receive from their pension. If the taxpayer is married filing combined, then the maximum pension exemption is double the single exemption, \$12,000. There are, however, provisions which may reduce the eligible deduction amount.

According to Section 143.124, RSMo, "Annuity, pension or retirement allowance shall be defined to include 401(k) plans, deferred compensation plans, self-employed retirement plans, also known as Keogh plans, annuities from a defined pension plan and individual retirement arrangements, also known as IRAs, as described in the Internal Revenue Code, but not including Roth IRAs, as well as an annuity, pension or retirement allowance provided by the United States, this state, any other state or any political subdivision or agency or institution of this or any other state."

²⁸ Section 135.096, RSMo

²⁹ Section 143.081, RSMo. Form MO-CR is included with the MO-1040 long form in Appendix F.

For purposes of section 143.124, RSMo, Social Security benefits are exempt from the calculation in determining whether the total income exceeds the income limitations outlined below.

Missouri law has set the following income limitations for pension recipients:

Single/Head of Household/Qualifying Widow(er)- \$25,000

Married Filing Combined- \$32,000

Married Filing Separate- \$16,000

Should the total income realized by the taxpayer exceed any of these amounts relative to the taxpayer filing, then the allowable deduction decreases for every dollar that exceeds the income limitation. The exemption only applies to pension income and cannot be applied to other income.³⁰

Ex. #1: A taxpayer files as a single filer and has an income of \$28,000 of which \$13,000 is derived from pension income. \$25,000 is the income limitation for single filers.

\$28,000

- 25,000

\$ 3,000

Because the taxpayer's income exceeds the income limitation by \$3,000, the maximum \$6,000 pension exemption is reduced to \$3,000.

Ex. #2: A taxpayer files as married filing combined. The married couple has \$36,000 of income of which \$11,000 is derived from pension income. Because their income exceeds the income limitation by \$4,000, their eligible pension exemption is \$7,000.

\$36,000 Total income

\$11,000 Total Pension Income

- 32,000 Income Limit

- 4,000 in excess of Income Limit

³⁰ Section 143.124, RSMo

4,000 in excess of Income Limitation

7,000 Allowable pension exemption

Nonresidents

For taxpayers that are not residents of Missouri but have income from Missouri, Section 143.181, RSMo states that these nonresidents shall pay taxes based on their taxable income that is derived solely from sources within the state.

Part-time Residents

Taxpayers that are residents for only part of the year are treated just as nonresidents are for that year. Their Missouri taxable income is determined by the net income derived from a Missouri source for the taxable year.

Fiduciaries

An income tax is levied on the Missouri taxable income of fiduciaries (more commonly known as trusts) at the same rates that are levied on resident income.³¹ Adjustments to fiduciary income are made according to the proportion of the share of the fiduciary income received by the taxpayer in the taxable year.³²

Victims of Nazi persecution

The restitution or reparations, tangible or intangible property, and payments of insurance policies purchased prior to December 31, 1945 received by victims, spouses of victims or descendants of victims of Nazi persecution (if they are the first recipient of such amounts, returns, or payments) are eligible to be deducted from federal adjusted gross income.³³

³¹ Section 143.061, RSMo

³² Those Missouri taxpayers that receive income from a fiduciary must submit Form MO-1041 along with their MO-1040 form. Form MO-1041 is included as Appendix I.

³³ Section 143.127, RSMo

Athlete/Entertainer

Any entity that pays nonresident entertainers or athletes who perform and as a result receive income in Missouri must withhold 2% of the total compensation as a prepayment of the Missouri income tax.³⁴

Partnerships

Partnerships are treated similarly to fiduciaries. The income derived from partnerships is taxable just as Missouri income. The adjustments allowed on the partnership as a whole are allowed according to the distributive share of the income received from the partnership. For all of the nonresident partners, the partnership is allowed to file one consolidated return which represents the return for each of the nonresident partners receiving income from a Missouri source.³⁵

S Corporations

Modifications, including determining Missouri adjusted gross income and itemizing deductions, to income received from an S Corporation is made relative to the shareholder's pro rata share of income. For nonresident shareholders, their income tax is determined only using the income realized by their pro rata share of the S Corporation that year- the adjustments to such income are in proportion to their pro rata share of the S Corporation. S Corporations can file a single composite return for all of their nonresident shareholders. If an S Corp credits or makes payments as dividends to shareholders, then they are required to withhold Missouri income tax on such dividends.³⁶

³⁴ Section 143.183, RSMo. This section also designates how the revenues of this tax are to be distributed to specified funds. These designations are included as Appendix K.

³⁵ Those taxpayers who receive income from a partnership must submit Form MO-1065 with their MO-1040 form. Form MO-1065 is included as Appendix J.

³⁶ Section 143.471, RSMo

The main difference between an S Corporation (small business corporation) and a C Corporation is that C Corporations' profits are taxed twice- once with the corporate income tax and then again when the shareholders add the dividends received on their income tax. S Corporations are only taxed once- the profits (or losses) of the S Corp are distributed to the shareholders relative to their pro rata share of the business and then taxed accordingly at six percent.

Enterprise Zones or Rural Empowerment Zones

Missourians that operate a new business facility in an enterprise zone or rural empowerment zone are allowed to exempt half of their income derived from the business from their Missouri taxes owed. Or, if the business provides residential living, then the taxpayer may have a \$50 credit toward their taxes for every bedroom that the business has in the zone.³⁷

Missouri Tax Credits

The value of any Missouri tax credit which may be subtracted from a taxpayer's Missouri income tax liability can be subtracted from the amount of the tax owed to Missouri.³⁸

Married Filing Combined

A husband and wife who file a joint federal return are required to file a combined Missouri return. Should a husband and wife elect to file separate federal returns, then they are required to file separate Missouri returns. Spouses that file combined returns in Missouri are required to allocate a portion of income to each spouse.³⁹⁴⁰

³⁷ Section 135.220, RSMo

³⁸ If a taxpayer claims a tax credit, they must submit form MO-TC. This form is included as Appendix L.

³⁹ Section 143.031, RSMo

Designated Funds or Donations to Charitable Organizations

Missouri law allows taxpayers to designate either a portion of their return (should the taxpayer realize an income tax return for overpayment of the tax) or can donate to either a designated fund or a charitable organization listed on the tax form.⁴¹

Rates

Section 143.011, RSMo states:

A tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table or the rate provided in section 143.021, which is based upon the following rates:

Not over \$1,000.00 1 1/2% of the Missouri taxable income

Over \$1,000 but not over \$2,000 \$15 plus 2% of excess over \$1,000

Over \$2,000 but not over \$3,000 \$35 plus 2 1/2% of excess over \$2,000

Over \$3,000 but not over \$4,000 \$60 plus 3% of excess over \$3,000

Over \$4,000 but not over \$5,000 \$90 plus 3 1/2% of excess over \$4,000

Over \$5,000 but not over \$6,000 \$125 plus 4% of excess over \$5,000

Over \$6,000 but not over \$7,000 \$165 plus 4 1/2% of excess over \$6,000

⁴⁰ Trish Vincent, Director of Revenue testified at a September 7, 2005 meeting that this may be one of the easiest changes to make in the tax policy of Missouri. Requiring that one income be designated for both spouses (instead of requiring that the spouses designate a portion of the income to each spouse) would bring in additional projected revenue of \$100 million which could be off-set by either increasing the exemption amounts for combined filers or reducing the overall tax rate.

⁴¹ A list of the designated funds and charitable organizations are included in Appendix M.

Over \$7,000 but not over \$8,000 \$210 plus 5% of excess over \$7,000

Over \$8,000 but not over \$9,000 \$260 plus 5 1/2% of excess over \$8,000

Over \$9,000 \$315 plus 6% of excess over \$9,000

In addition, the MO 1040 forms provide a table which allows taxpayers to determine their tax liability after their individual income tax base is determined. The table is shown below.

2005 TAX TABLE																	
If Missouri taxable income from Form MO-1040A, Line 10, is less than \$9,000, use the table to figure tax; if more than \$9,000, use worksheet below or use the online tax calculator at www.dor.mo.gov/tax/personal/taxcalculator/																	
If Line 10 is			If Line 10 is			If Line 10 is			If Line 10 is			If Line 10 is			If Line 10 is		
At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is
0	100	\$ 0	1,500	1,600	\$ 26	3,000	3,100	\$ 62	4,500	4,600	\$109	6,000	6,100	\$167	7,500	7,600	\$238
100	200	2	1,600	1,700	28	3,100	3,200	65	4,600	4,700	113	6,100	6,200	172	7,600	7,700	243
200	300	4	1,700	1,800	30	3,200	3,300	68	4,700	4,800	116	6,200	6,300	176	7,700	7,800	248
300	400	5	1,800	1,900	32	3,300	3,400	71	4,800	4,900	120	6,300	6,400	181	7,800	7,900	253
400	500	7	1,900	2,000	34	3,400	3,500	74	4,900	5,000	123	6,400	6,500	185	7,900	8,000	258
500	600	8	2,000	2,100	36	3,500	3,600	77	5,000	5,100	127	6,500	6,600	190	8,000	8,100	263
600	700	10	2,100	2,200	39	3,600	3,700	80	5,100	5,200	131	6,600	6,700	194	8,100	8,200	268
700	800	11	2,200	2,300	41	3,700	3,800	83	5,200	5,300	135	6,700	6,800	199	8,200	8,300	274
800	900	13	2,300	2,400	44	3,800	3,900	86	5,300	5,400	139	6,800	6,900	203	8,300	8,400	279
900	1,000	14	2,400	2,500	46	3,900	4,000	89	5,400	5,500	143	6,900	7,000	208	8,400	8,500	285
1,000	1,100	16	2,500	2,600	49	4,000	4,100	92	5,500	5,600	147	7,000	7,100	213	8,500	8,600	290
1,100	1,200	18	2,600	2,700	51	4,100	4,200	95	5,600	5,700	151	7,100	7,200	218	8,600	8,700	296
1,200	1,300	20	2,700	2,800	54	4,200	4,300	99	5,700	5,800	155	7,200	7,300	223	8,700	8,800	301
1,300	1,400	22	2,800	2,900	56	4,300	4,400	102	5,800	5,900	159	7,300	7,400	228	8,800	8,900	307
1,400	1,500	24	2,900	3,000	59	4,400	4,500	106	5,900	6,000	163	7,400	7,500	233	8,900	9,000	312

		Yourself/Spouse	Example
FIGURING TAX OVER \$9,000	Missouri taxable income (Line 10)	\$ 12,000	\$ 12,000
	Subtract \$9,000	— \$ 9,000	— \$ 9,000
	Difference	= \$ 3,000	= \$ 3,000
	Multiply by 6%	x 6%	x 6%
	Tax on income over \$9,000	= \$ 180	= \$ 180
	Add \$315 (tax on first \$9,000)	+ \$ 315	+ \$ 315
	TOTAL MISSOURI TAX	= \$ 495	= \$ 495

9,000 315
If more than \$9,000, tax is \$315 PLUS 6 percent of excess over \$9,000. Round to nearest whole dollar and enter on front of form, Line 11.

Inflation

Although Missouri has ten different brackets with the rate of income tax corresponding to the level of income, essentially Missouri has a flat tax on income. This flat rate of 6% was achieved through time because Missouri indexes neither the

exemption amounts nor the income levels to determine the tax rate. Each year, inflation helps to flatten the income tax rate even more. In 1931, the brackets were introduced to the income tax and have not changed since. If indexed for inflation, the \$9,000 threshold at the highest bracket would be worth \$120,493.42⁴². By comparison to income thresholds set in 1931, today one would have to earn over \$120,000 in Missouri taxable income in order to reach the top bracket; essentially, failing to index both the brackets as well as the exemptions for inflation results in a tax increase for Missouri taxpayers each year that the Missouri economy realizes inflation.

⁴² This information regarding the inflationary increase due to not indexing for inflation was calculated at the Federal Bureau of Labor and Statistics Inflation Calculator website at <http://data.bls.gov/cgi-bin/cpicalc.pl>.

Individual Income Tax

The modern Missouri individual income tax became effective January 1, 1917. Because this tax was independent of the federal income tax adopted the same year, the enabling legislation specifically defined all related tax items, including gross income and deductions. The original tax was a flat rate levy of one-half percent of net taxable income. Exemptions for taxpayers and dependents were not introduced until 1919 and the present tax rate structure of graduated tax rates and bracket was not introduced until 1931.

Exhibit 3 contains a historical summary of the major parameters of the Missouri individual income tax. Appendix II contains a historical summary of the statutory tax rates.

While there have been many modifications to this tax since its inception, the most significant was the enactment of what is now Chapter 143, RSMo. This change, which became effective January 1, 1973, redefined the Missouri income tax in terms of federal statutes. As a consequence, adjusted gross income and most deductions are now determined by the Internal Revenue Code.

The base of the Missouri individual income tax is, in essence, federal adjusted gross. The latter is defined as total, or gross, income less selected sources of income and specific modifications. These items are called *statutory exclusions*. They include such items as payments to IRA or Keogh plans and insurance premiums paid by self-employed individuals. Also included in this category are interpersonal transfers, such as alimony paid and gifts received which are excluded to avoid double taxation of these items.

The largest group of tax preference items excluded from the definition of income, however, consists of specific sources of income such as government transfer payments (for example veterans benefits and income maintenance payments) and employer provided fringe benefits.

Taxable income is defined as adjusted gross income less total deductions. The latter consists of two parts. First are personal expenditures permitted by law, for example charitable contributions and certain interest payments. In lieu of *itemizing* such expenditures, taxpayers have had the option of using the *standard deduction* since 1944.

The second set of deductions are taxpayer and dependency *exemptions*. These have also been the result of both political and practical considerations, such as keeping the total number of returns within manageable proportions and differentiating liability based on family size.

Exhibit 4 provides a schema of the relationships between the federal and Missouri definitions. Those items designated with a ✓ are considered *tax expenditures*.

Exhibit 5 presents estimated revenue losses for all currently defined individual income tax expenditures. As with all such estimates, some cautions pertain to their potential use and misuse.

Individual Income Tax by Calendar Year			
			2003 Rank: 1
Average 2003 Tax Rate:			5.3%
	2001	2002	2003
Gross Receipts			
General Fund	4,675.2	4,454.8	4,750.1
Other	0.0	0.0	0.0
Tax Expenditures			
Exclusions	37.1	38.9	37.7
Deductions	3,284.0	3,251.4	3,244.5
Credits	187.7	146.2	168.9

Figures in millions of dollars

First, they cannot be meaningfully aggregated. This is the result of interactions between the various items. In general, the simultaneous elimination of more than one deduction will have a smaller revenue effect than the sum of their individual components. Conversely, the elimination of more than one exclusion would have a larger impact than the sum of the individual exclusions.

Secondly, these estimates may not accurately project what the actual revenue gains would be as a result of eliminating a particular expenditure. Many of the provisions are designed to reduce the cost of a particular activity, for example, accelerated depreciation or charitable contributions. If either were to be altered or eliminated, the effective price of investment or charity would be increased. Economic theory would suggest that the purchases of items so affected would decline, perhaps quite precipitously.

Another issue involved is that of the “timing” of certain expenditures. This issue is of particular importance in the case of the expensing of business expenditures. For individuals and corporations that opt to either expense or amortize certain outlays, the tax expenditure is measured by the difference between the deduction utilized and that of capitalizing the expenditure. As a result, these decisions will lead to negative tax expenditures in later years when the taxpayer does not have the depreciation deduction.

Exhibit 3 Missouri Individual Income Tax Parameters 1973-2007

Year	Defined by Federal Statutes	Graduated Tax Rates	Exemption Amounts		Percent	Standard Deduction Amounts ¹				
			Taxpayer	Dependents		Single		Combined		
						Minimum	Maximum	Minimum	Maximum	
1973	Yes	Yes	\$1,200	\$400	15.0	\$0	-	\$2,000	-	\$2,000
1974	Yes	Yes	\$1,200	\$400	15.0	\$0	-	\$2,300	-	\$2,000
1975	Yes	Yes	\$1,200	\$400	16.0	\$1,600	-	\$2,300	-	\$2,600
1976	Yes	Yes	\$1,200	\$400	16.0	\$1,700	-	\$2,400	-	\$2,800
1977	Yes	Yes	\$1,200	\$400	x	\$2,200				
1978	Yes	Yes	\$1,200	\$400	x	\$2,200				
1979	Yes	Yes	\$1,200	\$400	x	\$2,300				
1980	Yes	Yes	\$1,200	\$400	x	\$2,300				
1981	Yes	Yes	\$1,200	\$400	x	\$2,300				
1982	Yes	Yes	\$1,200	\$400	x	\$2,300				
1983	Yes	Yes	\$1,200	\$400	x	\$2,300				
1984	Yes	Yes	\$1,200	\$400	x	\$2,300				
1985	Yes	Yes	\$1,200	\$400	x	\$2,390				
1986	Yes	Yes	\$1,200	\$400	x	\$2,480				
1987	Yes	Yes	\$1,200	\$400	x	\$2,540				
1988	Yes	Yes	\$1,200	\$400	x	\$3,000				
1989	Yes	Yes	\$1,200	\$400	x	\$3,100				
1990	Yes	Yes	\$1,200	\$400	x	\$3,250				
1991	Yes	Yes	\$1,200	\$400	x	\$3,400				
1992	Yes	Yes	\$1,200	\$400	x	\$3,600				
1993	Yes	Yes	\$1,200	\$400	x	\$3,700				
1994	Yes	Yes	\$1,200	\$400	x	\$3,800				
1995	Yes	Yes	\$1,200	\$400	x	\$3,900				
1996	Yes	Yes	\$1,200	\$400	x	\$4,000				
1997	Yes	Yes	\$1,200	\$400	x	\$4,150				
1998	Yes	Yes	\$1,200	\$400	x	\$4,250				
1999	Yes	Yes	\$1,200	\$1,200	x	\$4,300				
2000	Yes	Yes	\$2,100	\$1,200	x	\$4,400				
2001	Yes	Yes	\$2,100	\$1,200	x	\$4,550				
2002	Yes	Yes	\$2,100	\$1,200	x	\$4,700				
2003	Yes	Yes	\$2,100	\$1,200	x	\$4,750				
2004 ²	Yes	Yes	\$2,100	\$1,200	x	\$4,850				
2005 ²	Yes	Yes	\$2,100	\$1,200	x	\$4,950				
2006 ²	Yes	Yes	\$2,100	\$1,200	x	\$5,050				
2007 ²	Yes	Yes	\$2,100	\$1,200	x	\$5,150				
2008 ²	Yes	Yes	\$2,100	\$1,200	x	\$5,250				

x = Not applicable

¹ Beginning in 1977, the former two-part standard deduction was replaced by a single deduction based on marital status.

² Projected

Exhibit 4

Derivation of Missouri Taxable Income—Individuals

Total or Gross Income

- Wages, salaries
- Annuities and pensions
- Dividends received
- State and local income tax refunds
- Alimony received
- ✓ Taxable interest received
- Net business profits
- Net gain on sales or exchanges
- Commissions, bonuses and tips
- ✓ Certain taxable fringe benefits
- Net rent and royalty
- Prizes
- Net farm income
- ✓ Taxable social security
- Unemployment compensation

minus

Exclusions from Gross Income

- ✓ Self-employed retirement plans contributions (Keogh)
- Alimony paid
- ✓ Contributions to individual retirement accounts
- Interest forfeited upon premature withdrawal from time savings account
- ✓ Employment-Related moving expenses
- ✓ Self-Employment tax
- ✓ Self-Employed health insurance premiums

equals

Federal Adjusted Gross Income

plus

Positive Adjustments

- Interest on state and local obligations
- Partnership, fiduciary or S corporation adjustments
- Other positive adjustments

minus

Negative Adjustments

- Interest from exempt federal obligations
- ✓ Interest on Missouri state and local obligations
- State income tax refund included in federal adjusted gross income
- Partnership, fiduciary or S corporation adjustments
- Other negative adjustments:
- ✓ Exempt railroad retirement benefits
- ✓ Enterprise zone income

equals

Missouri Adjusted Gross Income

minus

Deductions

- ✓ Standard or itemized deductions
- ✓ Federal income tax
- ✓ Other federal tax deductions
- ✓ Taxpayer exemptions
- ✓ Dependency exemptions
- ✓ Government pensions

✓ - Tax expenditure

Exhibit 4 (continued)

Derivation of Missouri Taxable Income—Individuals

<i>equals</i>		
Missouri Taxable Income	<input type="checkbox"/>	Multiplied by the effective tax rate or rates
<i>equals</i>		
Gross Tax Due Before Credits		
<i>less</i>		
	<input checked="" type="checkbox"/>	Senior citizen's property credit
	<input checked="" type="checkbox"/>	Neighborhood assistance credit
	<input checked="" type="checkbox"/>	New or expanded business facility credit
	<input checked="" type="checkbox"/>	Development reserve credit
	<input checked="" type="checkbox"/>	Wood energy credit
	<input checked="" type="checkbox"/>	Jobs training credit
	<input checked="" type="checkbox"/>	Seed capital credit
	<input checked="" type="checkbox"/>	Special needs adoption credit
	<input checked="" type="checkbox"/>	Timely remittance of withholding discount
	<input checked="" type="checkbox"/>	Enterprise zone credit
	<input checked="" type="checkbox"/>	Affordable housing credit
	<input checked="" type="checkbox"/>	Export finance credit
	<input checked="" type="checkbox"/>	Low income housing credit
	<input checked="" type="checkbox"/>	Small business incubator credit
	<input checked="" type="checkbox"/>	Infrastructure development credit
	<input checked="" type="checkbox"/>	Qualified research expense credit
	<input checked="" type="checkbox"/>	Small business investment credit
	<input checked="" type="checkbox"/>	Higher education scholarship credit
	<input checked="" type="checkbox"/>	Brownfield tax benefits credit
	<input checked="" type="checkbox"/>	Community bank investment credit
	<input checked="" type="checkbox"/>	Business use incentives credit
	<input checked="" type="checkbox"/>	Youth opportunities credit
	<input checked="" type="checkbox"/>	Charcoal producers credit
	<input checked="" type="checkbox"/>	Historic preservation credit
	<input checked="" type="checkbox"/>	Maternity home credit
	<input checked="" type="checkbox"/>	Domestic violence shelter credit
	<input checked="" type="checkbox"/>	Sponsorship & mentoring credit
	<input checked="" type="checkbox"/>	Film production credit
	<input checked="" type="checkbox"/>	Wine & grape production credit
	<input checked="" type="checkbox"/>	MOSTARS higher education scholarship credit
	<input checked="" type="checkbox"/>	Rebuilding communities credit
	<input checked="" type="checkbox"/>	Missouri individual training account program credit
	<input checked="" type="checkbox"/>	Transportation development credit
	<input checked="" type="checkbox"/>	Advantage Missouri trust fund tax credit
	<input checked="" type="checkbox"/>	Agricultural product utilization contributor credit
	<input checked="" type="checkbox"/>	Bank tax credit for S corp. shareholders
	<input checked="" type="checkbox"/>	Dry fire hydrant credit
	<input checked="" type="checkbox"/>	Family development account credit
	<input checked="" type="checkbox"/>	New enterprise creation credit
	<input checked="" type="checkbox"/>	New generation cooperative incentive credit
	<input checked="" type="checkbox"/>	Remediation tax credit
	<input checked="" type="checkbox"/>	SBA guaranty fee credit
	<input checked="" type="checkbox"/>	Pharmaceutical credit
	<input checked="" type="checkbox"/>	Shared care credit
	<input checked="" type="checkbox"/>	Disabled access credit
	<input checked="" type="checkbox"/>	Mature worker child care credit
	<input checked="" type="checkbox"/>	Strategic initiative investment income credit
	<input checked="" type="checkbox"/>	Rebuilding community/neighborhood preservation credit
	<input checked="" type="checkbox"/>	Bank franchise credit
	<input checked="" type="checkbox"/>	Demolition tax credit
	<input checked="" type="checkbox"/>	Development tax credit
Credits		
<i>equals</i>		
Net Tax Due		

✓ - Tax expenditure

Exhibit 5 - Part 1 Individual Income Tax Expenditures - Missouri Statutes

1998-2008

	1998	1999	2000	2001	2002	2003 ^F	2004 ^F	2005 ^F	2006 ^F	2007 ^F	2008 ^F
Exempt Income											
B.01 Pensions											
Government	9.5	9.1	9.3	9.0	38.4	37.2	37.3	37.5	37.3	36.7	35.8
Private	4.9	10.0	20.9	27.1							
B.03 Distribution Trust	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
B.04 Enterprise Zone Modification	0.5	0.3	0.5	1.0	0.5	0.5	0.5	0.6	0.5	0.5	0.5
B.05 Lottery Prizes	•	•	•	•	•	•	•	•	•	•	•
B.06 Brownfield Income Modification	0.0	0.0	0.0	0.0	0.0	•	•	•	•	•	•
B.07 National Socialist Persecution	•	•	0.0	•	•	•	•	•	•	•	•
Non-Taxable Expenditures											
C.01 Standard Deduction	453.0	431.9	439.3	445.8	463.3	514.0	528.1	542.1	555.7	569.1	588.1
C.02 Itemized Deduction	724.0	768.8	879.3	923.2	949.9	940.5	970.9	1,003.5	1,047.4	1,082.4	1,129.5
C.02a Total	NA	NA	564.2	592.7	565.6	538.5	558.4	580.4	613.0	637.4	672.8
C.02b Require Standard Deduction											
C.09 Artistic Literary Works	•	•	•	•	•	•	•	•	•	•	•
C.10 Social Security Taxes	169.0	184.6	200.1	217.8	217.8	200.6	207.8	216.8	226.0	235.5	245.3
C.13 Federal Income and Other Taxes	439.0	445.9	474.4	459.1	425.8	421.5	433.5	446.0	457.0	469.6	482.0
C.14a Health Insurance - Long-term	•	•	1.6	2.1	1.9	1.9	2.0	2.1	2.1	2.1	2.2
C.14b Health Insurance - Self-employed	•	•	6.2	6.3	4.1	4.1	4.2	4.4	4.4	4.5	4.6
Personal Exemptions											
C.15 Taxpayer Exemptions	208.0	360.4	368.0	368.2	365.7	365.3	367.9	370.5	372.9	375.4	377.6
C.16 Dependent Exemptions	97.0	94.7	97.2	105.4	98.1	98.2	98.9	99.7	100.4	101.1	101.7
C.17a Dependent Students 19 or Over	4.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.2	6.2
C.17b Dependent Age 65 & Older	•	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other											
C.18 Combined vs. Joint Return	153.0	157.3	207.0	158.3	154.1	153.8	154.8	155.9	156.8	157.8	158.8

Figures in millions of dollars; NA = Not available; • = Not applicable; • = Less than \$50,000; F = Forecasted

Exhibit 5 - Part 1 (continued) **Individual Income Tax Expenditures - Missouri Statutes** **1998-2008**

	1998	1999	2000	2001*	2002	2003	2004 ^F	2005 ^F	2006 ^F	2007 ^F	2008 ^F
Missouri Credits											
D.01 Senior Citizen's Property Tax	54.0	70.0	88.8	81.1	84.9	86.4 ^F	87.7	88.6	89.0	89.1	88.9
D.02 Neighborhood Assistance	5.6	7.5	6.7	0.73	5.27	6.68	8.72	9.03	9.35	9.68	10.02
D.03 New or Expanded Business	1.1	0.5	0.8	0.58	0.06	3.90	3.22	3.22	3.22	3.22	3.22
D.04 Development Reserve	0.0	0.0	0.0	x	x	x	x	x	x	x	x
D.05 Enterprise Zone	1.9	1.7	1.7	1.74	0.30	1.50	1.49	1.49	1.49	1.49	1.49
D.06 Wood Energy Producers	2.4	2.2	1.9	1.63	0.57	0.50	0.50	0.50	0.50	0.50	0.50
D.07 Seed Capital	0.5	0.5	0.8	0.10	0.32	0.11	0.11	0.11	0.11	0.11	0.11
D.08 Special Needs Adoption	1.3	1.8	2.5	2.83	1.60	x	0.89	0.49	0.27	0.15	0.08
D.09 Timely Withholding Payment Discount	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
D.10 Affordable Housing	2.8	4.0	5.0	5.28	0.71	5.57	6.42	5.71	5.07	4.51	4.01
D.11 Export Finance	0.0	•	0.0	x	x	x	x	x	x	x	x
D.12 Low Income Housing	1.3	1.4	2.1	2.69	3.85	3.85 ^F	4.21	4.53	4.89	5.27	5.68
D.13 Small Business Incubator	•	0.1	0.1	0.03	0.01	0.10	0.31	0.31	0.31	0.31	0.31
D.14 Infrastructure Development	10.3	4.4	2.8	3.15	0.38	2.40	7.20	8.64	10.37	12.84	14.93
D.15 Jobs Training	8.9	10.7	12.4	9.27	8.98	8.05	13.95	13.95	13.95	13.95	13.95
D.16 Qualified Research	0.3	0.2	2.4	0.06	0.34	x	0.02	0.02	0.02	0.02	0.02
D.17 Small Business Investment	2.8	2.3	0.5	0.09	0.14	0.08	0.08	0.08	0.08	0.08	0.08
D.18 Higher Education Scholarship	0.0	0.0	0.0	x	x	x	x	x	x	x	x
D.19 Brownfield Tax Benefits	0.0	•	•	0.23	x	x	x	x	x	x	x
D.20 Community Bank Investment	0.0	•	•	x	0.29	0.26	0.27	0.30	0.33	0.36	0.39
D.21 Business Use Incentives (BUILD)	0.0	0.0	0.1	0.45	x	1.08	1.08	1.08	1.08	1.08	1.08
D.22 Youth Opportunities	1.4	1.5	1.6	0.54	2.55	2.04	2.47	2.49	2.51	2.52	2.54
D.23 Charcoal Producers	0.0	0.0	0.0	x	x	0.27 ^F	0.27	0.27	0.27	0.27	0.27
D.24 Historic Preservation	2.7	12.0	15.5	1.68	21.84	30.60	33.28	29.90	26.87	24.15	21.70
D.25 Maternity Home	0.7	0.7	0.8	0.97	0.90	0.90 ^F	0.79	0.70	0.61	0.54	0.48
D.26 Domestic Violence Shelter	0.2	0.2	0.4	0.52	0.38	0.38 ^F	0.40	0.42	0.44	0.46	0.48
D.27 Sponsorship & Mentoring	•	0.0	0.0	x	x	x	x	x	x	x	x
D.28 Film Production	x	0.0	0.5	x	0.05	0.20	0.80	0.83	0.86	0.90	0.94
D.29 Wine & Grape Production	x	0.4	0.3	0.05	0.21	0.30	0.69	0.66	0.64	0.62	0.60
D.31 Rebuilding Communities	x	0.2	1.4	0.33	0.95	2.05	3.51	3.51	3.51	3.51	3.51
D.32 Missouri Individual Training Account Program	x	0.0	0.0	0.0	x	x	x	x	x	x	x
D.33 Transportation Development	x	0.0	0.1	0.45	0.56	1.53	5.01	4.01	3.21	2.56	2.05
D.37 Advantage Missouri Program	x	0.0	0.0	x	x	x	x	x	x	x	x
D.38 Agricultural Product Utilization Contributor	x	0.5	0.1	0.17	0.27	0.24 ^F	0.22	0.21	0.19	0.18	0.17
D.39 Bank Tax Credit for S Corp. Shareholders	x	0.2	0.7	0.85	1.19	1.19 ^F	1.43	1.57	1.73	1.90	2.09
D.40 Dry Fire Hydrant ¹	x	•	•	0.01	0.01	0.02	0.02	0.01	0.01	x	x

See Appendix III for information on D.30, D.34, D.35, and D.36.
 Figures in millions of dollars; NA = Not available; x = Not applicable; • = Less than \$50,000; x = Less than \$5,000; F = Forecasted numbers
 *2001 figures are provisional subject to significant variations due to timing of credit redemption. ¹ = Credit expired August 2003

Exhibit 5 - Part 1 (continued) **Individual Income Tax Expenditures - Missouri Statutes**

1998-2008

	1998	1999	2000	2001*	2002	2003	2004 ^F	2005 ^F	2006 ^F	2007 ^F	2008 ^F
Missouri Credits											
D.41 Family Development Account	x	x	0.0	0.03	x	0.03	0.29	0.44	0.66	0.99	1.48
D.42 New Enterprise Creation	x	0.0	0.0	0.13	2.03	1.24	1.06	1.19	1.32	1.48	1.65
D.43 New Generation Cooperative Incentive	0.1	0.9	0.5	0.52	0.82	0.82 ^F	0.99	1.18	1.42	1.70	2.04
D.44 Remediation Tax Credit	•	2.6	1.2	0.30	3.98	3.11	4.04	3.95	3.87	3.78	3.70
D.45 SBA Guaranty Fee	x	•	0.1	x	x	x	x	x	x	x	x
D.46 Pharmaceutical	x	83.2	70.8	71.0	x	x	x	x	x	x	x
D.47 Shared Care	x	x	•	0.02	0.02	0.02 ^F	0.02	0.02	0.02	0.02	0.02
D.48 Disabled Access	x	x	•	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
D.49 Mature Worker Child Care	x	x	0.0	x	x	x	x	x	x	x	x
D.50 Strategic Initiative Investment Income Tax Ref.	0.0	0.0	0.0	x	x	x	x	x	x	x	x
D.51 Neighborhood Preservation Act	x	•	1.0	0.16	2.41	3.26	7.38	7.38	7.38	7.38	7.38
D.52 Bank Franchise	x	x	x	x	x	x	x	x	x	x	x
D.53 Demolition	x	x	x	x	x	x	x	x	x	x	x
D.54 Development	x	x	x	x	0.22	0.12	0.67	0.71	0.76	0.82	0.87

Figures in millions of dollars; NA = Not available; x = Not applicable; • = Less than \$50,000; x = Less than \$5,000; F = Forecasted
 *2001 figures are provisional subject to significant variations due to timing of credit redemption.

Exhibit 5 - Part 2

Individual Income Tax Expenditures - Federal Statutes 1998-2008

	1998	1999	2000	2001	2002	2003	2004 ^F	2005 ^F	2006 ^F	2007 ^F	2008 ^F
Exempt Income											
A.01 Military Benefits & Allowances	3.4	4.0	4.5	6.2	5.9	6.0	6.1	6.2	6.3	6.3	6.4
A.02 U.S. VA Benefits	10.4	11.4	11.1	15.3	14.8	15.9	16.9	18.1	19.1	20.3	21.4
A.04 Railroad Retirement Benefits	3.0	2.8	2.8	2.6	2.6	2.6	2.7	2.7	2.8	2.8	2.8
A.05 Social Security Benefits	107.5	121.7	111.4	102.3	102.9	108.5	113.7	121.1	130.6	131.3	132.0
A.06 Scholarships and Fellowships	3.5	3.7	4.0	5.9	5.5	5.6	6.0	6.3	6.4	6.5	6.6
A.07 Workmen's Compensation Benefits	3.7	4.1	4.3	3.0	3.0	3.1	3.3	3.5	3.7	4.0	4.3
A.07b Worker's Compensation Insurance Premiums	20.2	21.8	20.8	21.3	22.4	24.5	26.6	28.5	30.6	32.9	35.1
A.08 Cash Public Assistance	20.2	21.0	22.3	24.4	26.7	26.4	26.2	26.1	26.1	26.2	26.3
A.09 State & Local Interest (G.O.)	43.6	42.6	44.0	50.4	53.8	54.5	56.6	56.2	56.5	58.1	59.8
A.10 State & Local Interest (Other)	9.1	8.1	8.2	9.5	10.3	11.6	13.0	13.9	15.2	16.2	17.4
Exempt Fringe Benefits											
A.11a Meals & Lodging	2.2	2.2	2.2	2.4	2.6	2.8	3.0	3.2	3.4	3.6	3.7
A.11b Miscellaneous Fringe Benefits	116.0	120.0	124.0	139.0	111.0	119.0	116.0	119.0	121.0	125.0	130.0
A.11d Educational Expenditures	0.7	0.8	0.8	1.3	1.6	1.8	1.9	2.1	2.2	2.4	2.5
A.11e Employer-provided Child Care	2.2	2.2	2.3	2.2	2.4	2.6	2.9	3.0	3.3	3.4	3.6
A.11h Pension/Profit Sharing Plans	280.5	287.9	133.2	166.8	212.0	231.0	249.9	260.2	247.4	225.5	205.9
A.11i Medical Insurance	233.0	247.2	262.3	322.4	362.4	409.0	468.5	514.4	576.1	624.7	674.7
A.11j Accident/Disability Premiums	0.6	0.6	0.7	0.7	0.8	0.8	0.9	0.9	1.0	1.0	1.1
A.11k Life Insurance Premiums	5.7	5.6	5.5	5.5	6.0	6.2	6.6	6.7	7.0	7.2	7.3
A.11n Employer Provided Transit Passes	1.3	1.6	1.6	1.7	2.0	2.3	2.7	1.9	2.2	2.5	2.7
A.11o Reimbursed Parking Expenses	6.8	7.3	7.4	7.7	8.3	8.8	9.6	10.2	11.0	11.6	12.2
Other Personal Exclusions											
A.12 Income Earned Abroad	1.9	2.4	2.0	2.3	2.6	2.6	2.8	2.8	3.1	3.2	3.3
A.13 IRA Plans	42.7	49.1	58.3	63.8	72.6	84.0	86.1	88.7	86.1	86.2	88.3
A.14 Keogh Plans	11.4	12.8	13.4	16.0	17.4	17.6	18.6	18.7	19.4	21.1	22.9
A.15 Life Insurance	45.0	44.9	48.4	53.5	58.0	63.1	70.9	77.4	86.5	93.1	99.6
A.17c Capital Gains on Home Sales	45.0	50.6	48.4	49.9	53.2	53.9	54.9	56.2	57.5	59.0	60.6

Figures in millions of dollars; NA = Not available; x = Not applicable; • = Less than \$50,000; F = Forecasted

Exhibit 5 - Part 2 (continued) **Individual Income Tax Expenditures - Federal Statutes** **1998-2008**

	1998	1999	2000	2001	2002	2003	2004 ^F	2005 ^F	2006 ^F	2007 ^F	2008 ^F
Other Personal Exclusions											
A.18 Capital Gains at Death	85.9	90.5	87.7	90.3	91.6	95.2	101.9	104.9	111.0	114.4	117.6
A.19 Carry-Over Capital Gains on Gifts	0.6	0.6	1.8	2.1	2.1	1.5	1.9	2.2	2.3	2.2	2.1
A.22 Parsonage Allowance	0.9	0.9	0.9	0.9	0.9	1.0	1.1	1.2	1.4	1.4	1.5
A.24 U.S. Savings Bonds	6.2	3.0	1.7	2.9	3.1	3.6	4.1	4.7	5.2	6.0	6.8
A.28 Self-Employed Health Insurance Premiums	2.4	3.8	3.9	4.8	6.9	10.1	11.1	11.8	13.0	14.4	15.7
A.29 Self-Employment Tax	16.4	15.0	17.8	18.5	18.9	19.4	20.0	20.7	21.3	21.9	22.6
A.30 Cancellation of Indebtedness	0.1	0.1	0.1	•	•	0.1	0.2	0.2	0.2	0.2	0.1
A.32 Medical Savings Account	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
A.35 Deferral of State Prepaid Tuition Plans	0.5	0.5	0.8	1.1	1.3	1.6	1.9	2.3	2.7	3.1	3.5
A.36 Education IRA	•	0.1	0.1	0.2	0.4	0.6	1.0	1.3	1.8	2.3	2.8
A.37 Deduction of Interest on Student Loans	0.8	1.2	1.3	1.5	2.1	2.2	2.3	2.4	2.5	2.5	2.5
A.41 401(k) Plans	•	•	139.6	165.4	176.8	188.2	204.9	218.6	238.5	249.6	261.4
A.42 Deduction for Higher Education Expenses	•	•	•	1.7	8.7	11.4	14.5	11.9	•	•	•
Business Exclusions											
A.23b Timber Growing Costs	0.1	0.1	•	•	•	•	•	•	•	•	•
A.23c Percentage-Cost Depletion:											
Non-Metallic Minerals	0.2	0.1	•	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
A.23d Farm Cash Accounting Rules											
Expensing Certain Costs	0.1	0.1	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.4
Multi-Year Production Costs	0.1	0.1	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
A.23e Research/Development Costs	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
A.23g Accelerated Depreciation											
Rental Property	9.2	12.5	12.5	4.1	2.9	0.9	-1.2	-4.5	-8.8	-12.2	-15.6
Other Property	1.2	4.6	4.8	-0.2	-0.8	-1.4	-3.5	-4.9	-6.9	-8.6	-10.4
Machinery & Equipment	13.7	7.5	18.5	19.3	13.0	6.9	-16.7	-16.6	-18.2	-18.9	-19.7
A.23h Historic Structures	0.1	0.1	•	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2

Figures in millions of dollars; NA = Not available; • = Not applicable; • = Less than \$50,000; F = Forecasted

Exhibit 5 - Part 2 (continued) **Individual Income Tax Expenditures - Federal Statutes**

1998-2008

	1998	1999	2000	2001	2002	2003	2004 ^F	2005 ^F	2006 ^F	2007 ^F	2008 ^F
Business Exclusions											
A.23l Business Start-Up Costs	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
A.23n Imputed Interest Rules	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
A.23o Passive Loss Real Estate	14.6	12.9	12.9	15.5	14.2	13.7	13.0	11.9	11.6	10.9	10.4
A.25 Real Property Installment Sales	1.9	2.1	2.0	2.1	2.2	2.2	2.3	2.4	2.5	2.5	2.6
A.27 Small Corporation Stock Sale Losses	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
A.27a Capital Gains Exclusion for Small Business Stock	•	0.2	0.2	0.3	0.4	0.5	0.7	0.8	1.0	1.2	1.4
A.33 Expensing Environmental Remediation Costs	0.1	0.1	•	•	•	•	•	•	•	•	•
A.34 Income Averaging for Farmers	0.3	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
A.38 Expensing of Certain Small Investments	3.8	5.9	4.0	-0.7	-0.1	0.8	3.3	3.7	3.1	2.9	2.7
A.39 Empowerment Zones	0.6	0.9	1.0	1.7	2.6	2.8	3.1	3.5	4.0	4.5	5.0
A.40 Utility Conservation Subsidies	0.3	0.4	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3

Figures in millions of dollars; NA = Not available; ✕ = Not applicable; • = Less than \$50,000; F = Forecasted



MISSOURI DEPARTMENT OF REVENUE
PROPERTY TAX CREDIT

2005
FORM
MO-PTS

Attachment Sequence No. 1040-07 and 1040P-01

THIS FORM MUST BE ATTACHED TO FORM MO-1040 OR FORM MO-1040P.

NAME	LAST NAME	FIRST NAME	INITIAL	BIRTHDATE	SOCIAL SECURITY NO.
	SPOUSE'S LAST NAME	FIRST NAME	INITIAL	BIRTHDATE	SPOUSE'S SOCIAL SECURITY NO.

QUALIFICATIONS	You must check a qualification to be eligible for a credit. Check only one. Copies of letters, forms, etc., must be included with claim.	
	<input type="checkbox"/> A. 65 years of age or older (Attach a copy of Form SSA-1099.)	<input type="checkbox"/> C. 100% Disabled (Attach a copy of the letter from Social Security Administration or Form SSA-1099.)
	<input type="checkbox"/> B. 100% Disabled Veteran as a result of military service (Attach a copy of the letter from Department of Veterans Affairs.)	<input type="checkbox"/> D. 60 years of age or older and received surviving spouse benefits (Attach a copy of Form SSA-1099.)

FILING STATUS	<input type="checkbox"/> Single <input type="checkbox"/> Married — Filing Combined <input type="checkbox"/> Married — Living Separate for Entire Year	If married filing combined, you must report both incomes.
---------------	---	---

**Failure to provide the attachments listed below
(rent receipt(s), tax receipt(s), 1099(s), W-2(s), etc.) will result in denial or delay of your claim.**

1. Enter the amount of income from Form MO-1040, Line 6, OR Form MO-1040P, Line 4.	1	00
2. Enter the amount of nontaxable social security benefits received by you and/or your minor children before any deductions and/or the amount of social security equivalent railroad retirement benefits. Attach Form SSA-1099 and/or RRB-1099.	2	00
3. Enter the total amount of pensions, annuities, dividends, rental income, or interest income not included in Line 1. Include tax exempt interest from Form MO-A, Part 1, Line 5 (if filing Form MO-1040). Attach Forms W-2(s), 1099(s), 1099-R(s), 1099-DIV, 1099-INT, 1099-MISC, etc.	3	00
4. Enter the amount of railroad retirement benefits (not included in Line 2) before any deductions. Attach Form RRB/1099-R (Tier II). If filing Form MO-1040, refer to Form MO-A, Part 1, Line 7.	4	00
5. Enter the amount of veteran's payments or benefits before any deductions. Attach letter from Veterans Affairs.	5	00
6. Enter the total amount received by you and/or your minor children from: public assistance, SSI, child support, or Temporary Assistance payments (TA and/or TANF). Attach a copy of Form SSA-1099(s), a letter from the Social Security Administration and/or Social Services that includes the total amount of assistance received and Employment Security 1099, if applicable.	6	00
7. Enter the amount of nonbusiness loss(es). You must include nonbusiness losses in your household income (as a positive amount) here. (Include capital loss from Federal Form 1040, Line 13.)	7	00
8. TOTAL household income — Add Lines 1 through 7. Enter total here.	8	00
9. Enter \$2,000 if you are married and filing a combined claim with your spouse. Otherwise, enter "0".	9	- 00
10. Net household income — Subtract Line 9 from Line 8. If the total is over \$25,000, no credit is allowed. Do not file this claim.	10	00
11. If you owned your home, enter the total amount of real estate tax that you paid for your home less special assessments. Attach a copy of PAID real estate tax receipt(s). If your home is on more than five acres or you own a mobile home, attach Form 948, Assessor's Certification.	11	00
12. If you rented your home, enter the amount from Form MO-CRP(s), Line 8 in the box below. (If total yearly rent is more than Line 8, attach rent payment explanation.) Attach rent receipt(s) for each rent payment or a summary for the entire year; a statement from your landlord, or copies of cancelled checks (front and back) along with Form MO-CRP. 12a. <input type="text"/> 00 x 20% =	12b	00
13. Total tax and/or rent — Add Lines 11 and 12b and enter the total or \$750, whichever is less.	13	00
14. Apply Lines 10 and 13 to the chart on pages 28 and 29 to figure your Property Tax Credit. You must use the chart to see how much credit you are allowed. Enter this amount on Form MO-1040, Line 37 OR Form MO-1040P, Line 20.	14	00

THIS FORM MUST BE ATTACHED TO FORM MO-1040 OR FORM MO-1040P.



MISSOURI DEPARTMENT OF REVENUE
CERTIFICATION OF RENT PAID FOR 2005

2005
FORM
MO-CRP

• Read instructions. • Print or type.
Failure to provide landlord information will result in denial or delay of your claim.

1. SOCIAL SECURITY NUMBER		SPOUSE'S SOCIAL SECURITY NUMBER		ARE YOU RELATED TO YOUR LANDLORD? <input type="checkbox"/> YES <input type="checkbox"/> NO IF YES, EXPLAIN.	
2. NAME			3. LANDLORD'S NAME, SOCIAL SECURITY NO., OR FEIN (MUST BE COMPLETED)		
ADDRESS OF RENTAL UNIT (DO NOT LIST P.O. BOX)			LANDLORD'S ADDRESS, CITY, STATE, AND ZIP CODE (MUST BE COMPLETED)		
CITY, STATE, AND ZIP CODE			4. LANDLORD'S PHONE NUMBER (MUST BE COMPLETED) ()		
5. RENTAL PERIOD DURING YEAR		FROM: MONTH — DAY — YEAR 2005		TO: MONTH — DAY — YEAR 2005	
6. Enter your gross rent paid. Attach rent receipt(s) for each rent payment or the entire year, a statement from your landlord, or copies of cancelled checks (front and back). If receiving housing assistance, enter the amount of rent YOU paid. . . .					6 00
7. Check the appropriate box and enter the corresponding percentage on Line 7. <input type="checkbox"/> A. APARTMENT, HOUSE, MOBILE HOME, OR DUPLEX — 100% <input type="checkbox"/> B. MOBILE HOME LOT — 100% <input type="checkbox"/> C. BOARDING HOME / RESIDENTIAL CARE — 50% <input type="checkbox"/> D. SKILLED OR INTERMEDIATE CARE NURSING HOME — 45% <input type="checkbox"/> E. HOTEL If meals are included, enter — 50% ; Otherwise, enter — 100% <input type="checkbox"/> F. LOW INCOME HOUSING — 100% (Rent cannot exceed 40% of total household income.) <input type="checkbox"/> G. SHARED RESIDENCE — If you shared your rent with relatives and/or friends (other than your spouse or children under 18), check the appropriate box and enter percentage. Additional persons sharing rent/percentage to be entered: <input type="checkbox"/> 1 (50%) <input type="checkbox"/> 2 (33%) <input type="checkbox"/> 3 (25%)					7 %
8. Net rent paid — Multiply Line 6 by the percentage on Line 7. ENTER HERE AND IN THE BOX ON FORM MO-PTS, LINE 12a OR FORM MO-PTC, LINE 10a.					8 00

MO 860-1089 (11-2005)

For Privacy Notice, see the instructions.



MISSOURI DEPARTMENT OF REVENUE
CERTIFICATION OF RENT PAID FOR 2005

2005
FORM
MO-CRP

• Read instructions. • Print or type.
Failure to provide landlord information will result in denial or delay of your claim.

1. SOCIAL SECURITY NUMBER		SPOUSE'S SOCIAL SECURITY NUMBER		ARE YOU RELATED TO YOUR LANDLORD? <input type="checkbox"/> YES <input type="checkbox"/> NO IF YES, EXPLAIN.	
2. NAME			3. LANDLORD'S NAME, SOCIAL SECURITY NO., OR FEIN (MUST BE COMPLETED)		
ADDRESS OF RENTAL UNIT (DO NOT LIST P.O. BOX)			LANDLORD'S ADDRESS, CITY, STATE, AND ZIP CODE (MUST BE COMPLETED)		
CITY, STATE, AND ZIP CODE			4. LANDLORD'S PHONE NUMBER (MUST BE COMPLETED) ()		
5. RENTAL PERIOD DURING YEAR		FROM: MONTH — DAY — YEAR 2005		TO: MONTH — DAY — YEAR 2005	
6. Enter your gross rent paid. Attach rent receipt(s) for each rent payment or the entire year, a statement from your landlord, or copies of cancelled checks (front and back). If receiving housing assistance, enter the amount of rent YOU paid. . . .					6 00
7. Check the appropriate box and enter the corresponding percentage on Line 7. <input type="checkbox"/> A. APARTMENT, HOUSE, MOBILE HOME, OR DUPLEX — 100% <input type="checkbox"/> B. MOBILE HOME LOT — 100% <input type="checkbox"/> C. BOARDING HOME / RESIDENTIAL CARE — 50% <input type="checkbox"/> D. SKILLED OR INTERMEDIATE CARE NURSING HOME — 45% <input type="checkbox"/> E. HOTEL If meals are included, enter — 50% ; Otherwise, enter — 100% <input type="checkbox"/> F. LOW INCOME HOUSING — 100% (Rent cannot exceed 40% of total household income.) <input type="checkbox"/> G. SHARED RESIDENCE — If you shared your rent with relatives and/or friends (other than your spouse or children under 18), check the appropriate box and enter percentage. Additional persons sharing rent/percentage to be entered: <input type="checkbox"/> 1 (50%) <input type="checkbox"/> 2 (33%) <input type="checkbox"/> 3 (25%)					7 %
8. Net rent paid — Multiply Line 6 by the percentage on Line 7. ENTER HERE AND IN THE BOX ON FORM MO-PTS, LINE 12a OR FORM MO-PTC, LINE 10a.					8 00

MO 860-1089 (11-2005)

For Privacy Notice, see the instructions.

**2005 FORM MO-PTC**AMENDED CLAIM ☐

MISSOURI DEPARTMENT OF REVENUE

PROPERTY TAX CREDIT CLAIMVENDOR
CODE **002**

SOCIAL SECURITY NO.		SPOUSE'S SOCIAL SECURITY NO.	
LAST NAME		FIRST NAME	INITIAL JR, SR
BIRTHDATE MM DD YY	TELEPHONE NUMBER		DECEASED <input type="checkbox"/> 2005
SPOUSE'S LAST NAME		FIRST NAME	INITIAL JR, SR
BIRTHDATE MM DD YY		DECEASED <input type="checkbox"/> 2005	
PRESENT HOME ADDRESS		IN CARE OF NAME (ATTORNEY, EXECUTOR, PERSONAL REPRESENTATIVE, ETC.)	
		CITY, TOWN, OR POST OFFICE	STATE ZIP CODE

QUALIFICATIONS	You must check a qualification to be eligible for a credit. Check only one. Required copies of letters, forms, etc., must be included with claim.	
	<input type="checkbox"/> A. 65 years of age or older (Attach a copy of Form SSA-1099.)	<input type="checkbox"/> C. 100% Disabled (Attach a copy of the letter from Social Security Administration or Form SSA-1099.)
	<input type="checkbox"/> B. 100% Disabled Veteran as a result of military service (Attach a copy of the letter from Department of Veterans Affairs.)	<input type="checkbox"/> D. 60 years of age or older and received surviving spouse benefits (Attach a copy of Form SSA-1099.)

FILING STATUS	<input type="checkbox"/> Single <input type="checkbox"/> Married — Filing Combined <input type="checkbox"/> Married — Living Separate for Entire Year	If married filing combined, you must report both incomes.
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Failure to provide the attachments listed below (rent receipt(s), tax receipt(s), 1099(s), W-2(s), etc.) will result in denial or delay of your claim!

	HOUSEHOLD INCOME	REAL ESTATE TAX / RENT PAID	CREDITS
1.	Enter the amount of social security benefits received by you and/or your minor children before any deductions and/or the amount of social security equivalent railroad retirement benefits. Attach Form SSA-1099 and/or RRB-1099. 1		00
2.	Enter the total amount of wages, pensions, annuities, dividends, interest income, rental income, or other income. Attach Forms W-2(s), 1099(s), 1099-R(s), 1099-DIV, 1099-INT, 1099-MISC, etc. 2		00
3.	Enter the amount of railroad retirement benefits (not included in Line 1) before any deductions. Attach Form RRB/1099-R (Tier II). 3		00
4.	Enter the amount of veteran's payments or benefits before any deductions. Attach letter from Veterans Affairs. 4		00
5.	Enter the total amount received by you and/or your minor children from: public assistance, SSI, child support, Temporary Assistance payments (TA and/or TANF). Attach a copy of Form SSA-1099(s), a letter from the Social Security Administration and/or Social Services that includes the total amount of assistance received and Employment Security 1099, if applicable. 5		00
6.	TOTAL household income — Add Lines 1 through 5. 6		00
7.	Enter \$2,000 if you are married and filing a combined claim with your spouse. Otherwise, enter "0". 7	-	00
8.	Net household income — Subtract Line 7 from Line 6. If the total is over \$25,000, no credit is allowed — Do not file this claim. (Amount from Line 8 is used to figure your credit.) 8		00
9.	If you owned your home, enter the total amount of real estate tax that you paid for your home less special assessments. Attach a copy of PAID real estate tax receipt(s). If your home is on more than five acres or you own a mobile home, attach Form 948, Assessor's Certification. 9		00
10.	If you rented your home, enter the amount from Form MO-CRP(s), Line 8 in box below. (If total yearly rent is more than Line 6, attach rent payment explanation.) Attach rent receipt(s) for the whole year or each month or a statement from your landlord, along with Form MO-CRP. Copies of cancelled checks (front and back) will be accepted if your landlord will not provide rent receipts, or statement. 10a. <input type="text" value="00"/> x 20% = 10b		00
11.	Total tax and/or rent — Add Lines 9 and 10b and enter the total or \$750, whichever is less. (Amount from Line 11 is used to figure your credit.) 11		00
12.	You must use the chart in the instructions to see how much refund you are allowed. Apply amounts from Lines 8 and 11 to chart in the instructions to figure your Property Tax Credit. Line 12 should not exceed \$750. Enter credit here. TOTAL REFUND 12		00

SIGNATURE	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which he/she has any knowledge. As provided in Chapter 143, RSMo, a penalty of up to \$500 shall be imposed on any individual who files a frivolous claim.			
	I authorize the Director of Revenue or delegate to discuss my claim and attachments with the preparer or any member of the preparer's firm. <input type="checkbox"/> YES <input type="checkbox"/> NO PREPARER'S PHONE			
	SIGNATURE	DATE	PREPARER'S SIGNATURE	FEIN, SSN, OR PTIN
	SPOUSE'S SIGNATURE	DAYTIME TELEPHONE ()	PREPARER'S ADDRESS AND ZIP CODE	DATE

Mail claim and attachments to Missouri Department of Revenue, P.O. Box 2800, Jefferson City, MO 65105-2800.



MISSOURI DEPARTMENT OF REVENUE
CERTIFICATION OF RENT PAID FOR 2005

2005
FORM
MO-CRP

• Read instructions. • Print or type.
Failure to provide landlord information will result in denial or delay of your claim.

1. SOCIAL SECURITY NUMBER		SPOUSE'S SOCIAL SECURITY NUMBER		ARE YOU RELATED TO YOUR LANDLORD? <input type="checkbox"/> YES <input type="checkbox"/> NO IF YES, EXPLAIN.	
2. NAME				3. LANDLORD'S NAME, SOCIAL SECURITY NO., OR FEIN (MUST BE COMPLETED)	
ADDRESS OF RENTAL UNIT (DO NOT LIST P.O. BOX)				LANDLORD'S ADDRESS, CITY, STATE, AND ZIP CODE (MUST BE COMPLETED)	
CITY, STATE, AND ZIP CODE				4. LANDLORD'S PHONE NUMBER (MUST BE COMPLETED) ()	
5. RENTAL PERIOD DURING YEAR		FROM: MONTH	DAY	YEAR	TO: MONTH DAY YEAR
				2005	2005
6. Enter your gross rent paid. Attach rent receipt(s) for each rent payment or the entire year, a statement from your landlord, or copies of cancelled checks (front and back). If receiving housing assistance, enter the amount of rent YOU paid. . . .					6 00
7. Check the appropriate box and enter the corresponding percentage on Line 7. <input type="checkbox"/> A. APARTMENT, HOUSE, MOBILE HOME, OR DUPLEX — 100% <input type="checkbox"/> B. MOBILE HOME LOT — 100% <input type="checkbox"/> C. BOARDING HOME / RESIDENTIAL CARE — 50% <input type="checkbox"/> D. SKILLED OR INTERMEDIATE CARE NURSING HOME — 45% <input type="checkbox"/> E. HOTEL If meals are included, enter — 50%; Otherwise, enter — 100% <input type="checkbox"/> F. LOW INCOME HOUSING — 100% (Rent cannot exceed 40% of total household income.) <input type="checkbox"/> G. SHARED RESIDENCE — If you shared your rent with relatives and/or friends (other than your spouse or children under 18), check the appropriate box and enter percentage. <u>Additional persons sharing rent/percentage to be entered:</u> <input type="checkbox"/> 1 (50%) <input type="checkbox"/> 2 (33%) <input type="checkbox"/> 3 (25%)					7 %
8. Net rent paid — Multiply Line 6 by the percentage on Line 7. ENTER HERE AND IN THE BOX ON FORM MO-PTS, LINE 12a OR FORM MO-PTC, LINE 10a.					8 00

MO 860-1089 (11-2005)

For Privacy Notice, see the instructions.



MISSOURI DEPARTMENT OF REVENUE
CERTIFICATION OF RENT PAID FOR 2005

2005
FORM
MO-CRP

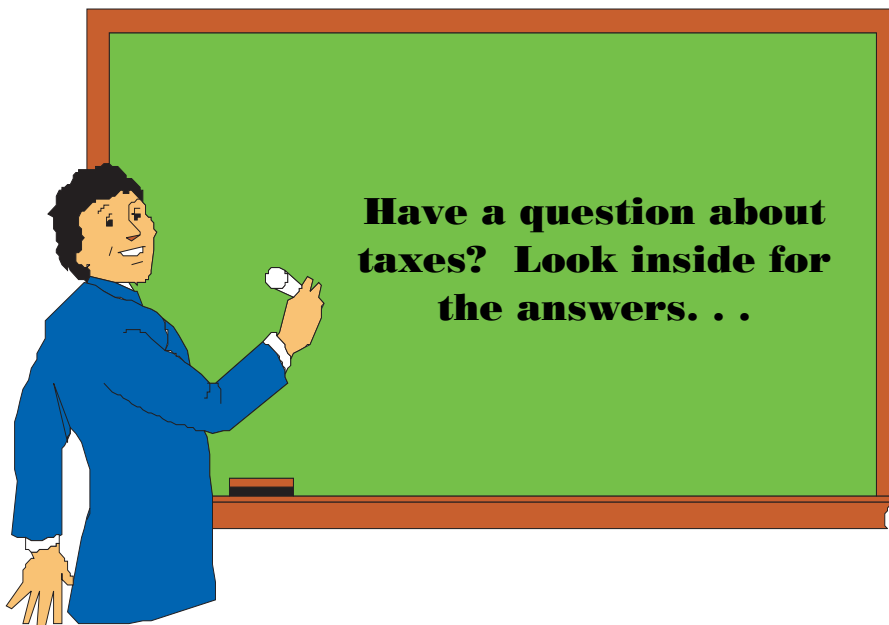
• Read instructions. • Print or type.
Failure to provide landlord information will result in denial or delay of your claim.

1. SOCIAL SECURITY NUMBER		SPOUSE'S SOCIAL SECURITY NUMBER		ARE YOU RELATED TO YOUR LANDLORD? <input type="checkbox"/> YES <input type="checkbox"/> NO IF YES, EXPLAIN.	
2. NAME				3. LANDLORD'S NAME, SOCIAL SECURITY NO., OR FEIN (MUST BE COMPLETED)	
ADDRESS OF RENTAL UNIT (DO NOT LIST P.O. BOX)				LANDLORD'S ADDRESS, CITY, STATE, AND ZIP CODE (MUST BE COMPLETED)	
CITY, STATE, AND ZIP CODE				4. LANDLORD'S PHONE NUMBER (MUST BE COMPLETED) ()	
5. RENTAL PERIOD DURING YEAR		FROM: MONTH	DAY	YEAR	TO: MONTH DAY YEAR
				2005	2005
6. Enter your gross rent paid. Attach rent receipt(s) for each rent payment or the entire year, a statement from your landlord, or copies of cancelled checks (front and back). If receiving housing assistance, enter the amount of rent YOU paid. . . .					6 00
7. Check the appropriate box and enter the corresponding percentage on Line 7. <input type="checkbox"/> A. APARTMENT, HOUSE, MOBILE HOME, OR DUPLEX — 100% <input type="checkbox"/> B. MOBILE HOME LOT — 100% <input type="checkbox"/> C. BOARDING HOME / RESIDENTIAL CARE — 50% <input type="checkbox"/> D. SKILLED OR INTERMEDIATE CARE NURSING HOME — 45% <input type="checkbox"/> E. HOTEL If meals are included, enter — 50%; Otherwise, enter — 100% <input type="checkbox"/> F. LOW INCOME HOUSING — 100% (Rent cannot exceed 40% of total household income.) <input type="checkbox"/> G. SHARED RESIDENCE — If you shared your rent with relatives and/or friends (other than your spouse or children under 18), check the appropriate box and enter percentage. <u>Additional persons sharing rent/percentage to be entered:</u> <input type="checkbox"/> 1 (50%) <input type="checkbox"/> 2 (33%) <input type="checkbox"/> 3 (25%)					7 %
8. Net rent paid — Multiply Line 6 by the percentage on Line 7. ENTER HERE AND IN THE BOX ON FORM MO-PTS, LINE 12a OR FORM MO-PTC, LINE 10a.					8 00

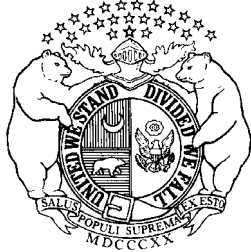
MO 860-1089 (11-2005)

For Privacy Notice, see the instructions.

2005 Missouri Income Tax Reference Guide



2005 Missouri Income Tax Reference Guide



Missouri Department of Revenue

Tax Assistance Centers

Area Offices

KANSAS CITY

615 East 13th St.
Room B-2
(816) 889-2920
FAX (816) 889-2876

JOPLIN

1110 E. 7th St.
Suite 400
(417) 629-3070
FAX (417) 629-3076

JEFFERSON CITY

3237 W. Truman Blvd.
Suite 100
(573) 751-7191
FAX (573) 522-3316

ST. JOSEPH

525 Jules, Suite 300
Room 314
(816) 387-2230
FAX (816) 387-2008

ST. LOUIS

3256 Laclede Station Rd.
Suite 101
(314) 877-0177
FAX (314) 877-0198

CAPE GIRARDEAU

3102 Blattner Dr.
Suite 102
(573) 290-5850
FAX (573) 290-5842

SPRINGFIELD

149 Park Central Sq.
Room 313
(417) 895-6474
FAX (417) 895-6233

OTHER IMPORTANT NUMBERS

Forms Ordering (800) 877-6881
(10 Forms or less)
Forms Order Questions (573) 751-5337
Refund Information (573) 751-3505
Forms-by-Fax (573) 751-4800
Internet Address: www.dor.mo.gov/tax

COLUMBIA

1500 Vandiver
Room 113
(573) 884-3814
FAX (573) 884-3844



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MINIMUM FILING REQUIREMENTS

The following information is to be used as a quick reference for determining the minimum income level that, when reached, would require a taxpayer to file both Federal and Missouri Income Tax returns. The difference between federal and state requirement is the personal exemption amount. Section 143.481, RSMo, states the filing requirements of a Missouri resident and nonresident, which includes in it the requirement to file a federal income tax return.

<u>Marital Status</u>	<u>Federal AGI</u>	<u>Missouri AGI</u>
Single	\$ 8,200	\$ 7,100
Single (Over 65)	9,450	8,350
Married Filing Jointly	16,400	14,200
Married Filing Jointly (1 over 65)	17,400	15,200
Married Filing Jointly (Both over 65)	18,400	16,200
Head of Household	10,500	10,800
Head of Household (over 65)	11,750	12,050
Married Filing Separate (Spouse Itemizing Deductions)	3,200	2,100
Married Filing Separate	8,200	7,100

Filing Requirements

You do not have to file a Missouri return if you are not required to file a federal return.

If you are required to file a federal return, you may not have to file a Missouri return if you:

- are a resident and have less than \$1,200 of Missouri adjusted gross income;
- are a nonresident with less than \$600 of Missouri income; or
- your Missouri adjusted gross income is less than the amount of your standard deduction plus the exemption amount for your filing status.

Note: If you are not required to file a Missouri return, but you received a Form W-2 stating you had Missouri tax withheld, you must file your Missouri return to get a refund of your Missouri withholding. If you are not required to file a Missouri return and you do not anticipate an increase in income, you may change your Form MO W-4 to "exempt" so your employer will not withhold Missouri tax.

ATTENTION: If a taxpayer is claimed as a dependent on another person's return, the standard deduction is the greater of \$800 or the earned income for the year plus \$250 up to the standard deduction amount.



SELECTING THE CORRECT RETURN

Missouri has simplified short forms that may be used for 2005 if following guidelines are met:

- I. Form MO-1040A may be used if:
 - a. Any filing status, but only one income earner, all earned in Missouri;
 - b. Standard or itemized deductions;
 - c. Your state income tax refund is included in your federal income (if itemized last year);
 - d. Resident, nonresident, or part-year resident with 100 percent Missouri source income;
 - e. Do not have any tax credits or modifications to your income.
- II. Form MO-1040B may be used if:
 - a. Married filing combined status;
 - b. Both spouses have income; all earned in Missouri;
 - c. Standard or itemized deductions;
 - d. Neither spouse is being claimed as a dependent on another person's federal return;
 - e. Your state income tax refund is included in your federal income (if itemized last year);
 - f. Resident, nonresident, or part-year resident with 100 percent Missouri source income;
 - g. Do not have any tax credits or modifications to your income.
- III. Form MO-PTS must be used if:
 - a. Filing Form MO-1040P and claiming the Property Tax Credit;
 - b. Filing Form MO-1040 (long form) and claiming the Property Tax Credit.
- IV. Form MO-1040P may be used if:
 - a. Any filing status is claimed;
 - b. One or two income earner; all earned in Missouri;
 - c. Standard or itemized deductions;
 - d. Your state income tax refund is included in your federal income (if itemized last year);
 - e. You claim a pension exemption (private or public);
 - f. Estimated tax payments were made;
 - g. Resident, nonresident, or part-year resident with 100 percent Missouri source income.
- V. Form MO-1040 (long form) must be used if:
 - a. Miscellaneous tax credits (taken on Form MO-TC) are claimed;
 - b. Form MO-NRI or Form MO-CR is used;
 - c. Any Missouri modifications claimed other than a state income tax refund subtraction;
 - d. You owe a penalty for underpayment of estimated tax;
 - e. You are filing an amended return;
 - f. You owe recapture tax on low income housing credit;



- g. You owe tax on a lump sum distribution included on Federal Form 1040, Line 44;
 - h. You are a member of a nonresident professional athletic team or a professional entertainer;
 - i. Payment is made with Form MO-60;
 - j. You are claiming a deduction for **dependents** age 65 or older;
 - k. You are a fiscal year filer.
- VI. Form MO-PTC* must be used if:
You are **not filing** an individual income tax return (Form MO-1040 or MO-1040P)
and you qualify for a property tax credit;

*Form MO-PTC should be filed **ONLY if not filing a federal or a state individual income tax return**; otherwise, use Form MO-PTS with Form MO-1040 or MO-1040P.

MISSOURI ADJUSTED GROSS INCOME

The starting income on the Missouri tax return is the federal adjusted gross income from Federal Form 1040, Line 37; or from Federal Form 1040A, Line 21; or from Federal Form 1040EZ, Line 4.

To compute Missouri adjusted gross income, any positive and/or negative modifications to federal adjusted gross income must be computed first on Form MO-A, Part 1. The positive and/or negative modifications are entered on Form MO-1040, Lines 2 and 4 respectively. Examples of negative modifications are exempt federal interest, state tax refund, Missouri Savings for Tuition Program (MOST) and/or Missouri Higher Education Deposit Program exempt contributions and railroad retirement, both Tier 1 and Tier 2.

Examples of positive modifications are interest on state and local obligations other than Missouri, nonqualified distributions received from the Missouri Savings for Tuition Program (MOST) and/or Missouri Higher Education Deposit Program, and positive adjustments reported from partnerships, fiduciaries, and S corporations of interest in state and local obligations other than Missouri.



PENSIONS

Missouri law allows up to a \$6,000 exclusion of pensions on the 2005 Missouri Income Tax Return if certain income limitations are met.

The income limitations are as follows:

Single, Head of Household, Qualifying Widow(er)	\$25,000
Married Filing Combined	\$32,000
Married Filing Separate	\$16,000

NOTE: The taxable portion of social security benefits is not used for the purpose of determining income limitations. Railroad Retirement doesn't qualify unless you are 100% disabled.

The total maximum pension exemption per taxpayer is \$6,000. If a taxpayer's income exceeds the limitations for receiving a full pension exemption, the taxpayer may still qualify for a partial pension exemption. The pension exemption must be decreased by the amount the taxpayer's income exceeds the limitation. **(Example: The income limitation for "married filing combined" is \$32,000 to receive a pension exemption of \$12,000 (\$6,000 if single). If the taxpayers' income is \$33,000 combined, then they would be entitled to a pension exemption of \$11,000. The pension exemption is reduced by one dollar for every dollar that the taxpayers' income exceeds the income limitation.)**

If there is doubt as to whether a pension qualifies for this exclusion, please see page 6.



Pension Information Continued

Government and/or Private Pension Exemption — Form MO-1040

Complete Form MO-A, Part 3, if the taxpayer received a pension in 2005. Enter on Form MO-1040, Line 8 the amount from Form MO-A, Part 3, Line 9. Attach a copy of the Federal Return (Pages 1 and 2) and Form 1099-R. Failure to attach copies will result in disallowance of the pension exemption. The maximum pension exemption per taxpayer is \$6,000. The pension exemption is reduced one dollar for every dollar income exceeds the income limitation. (See page 5 for income limitations based on filing status.)

Example 1: Bob and Mary Smith file their return as “married filing combined”. The maximum pension exemption for “married filing combined” is \$12,000 (\$6,000 per taxpayer). Bob and Mary’s combined income equals \$33,000. Because their combined income exceeds the income limitation for “married filing combined” by \$1,000 — the allowable pension exemption is reduced by \$1,000. Bob and Mary will have to subtract \$1,000 from their allowable pension exemption. If their total pension income is \$10,000, their exemption would be \$9,000. If their allowable pension income is \$12,000, their exemption would be \$11,000.

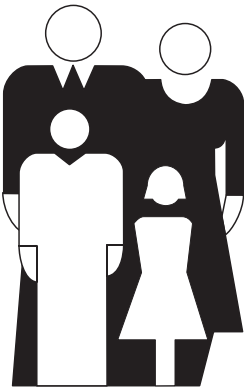
Example 2: Martha’s filing status is “qualifying widow”. Her total income is \$23,000. Martha’s income includes \$18,000 from a pension. Because Martha’s income does not exceed the income limitation for “qualifying widow”, she is allowed to exclude \$6,000 of her pension as a pension exemption.

PERSONAL EXEMPTION AMOUNTS

The filing status claimed on the Missouri return must be the same as the status claimed on the federal return. However, the dollar amount of personal exemptions is different.

<u>STATUS</u>	<u>AMOUNT</u>
Single	\$2,100
Married Filing Combined	4,200
Married Filing Separate	2,100
Married Filing Separate (spouse not filing)	4,200
Head of Household	3,500
Qualifying Widow(er) (with dependent child)	3,500
Claimed as Dependent on another return	0
Each Dependent claimed on the federal return other than yourself or your spouse	1,200
Each Dependent who is 65 years of age and older who resides in the taxpayer's home or who lives in dependent's home who does not receive Medicaid while living in a facility licensed pursuant to Chapter 198, RSMo.	\$1,000

NOTE: The 2005 Federal personal exemption is \$3,200.



STANDARD DEDUCTION TABLE

The following table should be used to determine the standard deduction to be used on the federal and Missouri tax returns.

Step 1: Determine the correct number of boxes to check.

Yourself 65 or older ☐ Blind ☐
 Your spouse 65 or older ☐ Blind ☐
 Total Boxes Checked _____

<u>Filing Status</u>	<u>Boxes Checked</u>	<u>Standard Deduction</u>
Single	0	\$5,000
	1	6,250
	2	7,500
Married Filing Jointly (Combined)	0	\$10,000
	1	11,000
	2	12,000
	3	13,000
	4	14,000
Married Filing Separate also	0	\$5,000
Married Filing Separate	1	6,000
(Spouse not filing)	2	7,000
65+ and Blind, Married Filing Separate (Spouse not filing)	3	\$8,000
65+ and Blind, Married Filing Separate (Spouse not filing)	4	\$9,000
Head of Household	0	\$7,300
	1	8,550
	2	9,800
Qualifying Widow(er)	0	\$10,000
	1	11,000
	2	12,000
Single — Claimed as a dependent on another person's return	0	\$800*
Married & Surviving Spouse	Additional \$1,000	
Heads of Household and Singles	Additional \$1,250	

***NOTE: Standard deduction may not exceed the greater of \$800 or the sum of \$250 and the individual's earned income, up to the applicable standard deduction amount (\$5,000 for single taxpayers).**

ITEMIZED DEDUCTIONS / OTHER DEDUCTIONS

ITEMIZED DEDUCTIONS 2005

MISSOURI ITEMIZED DEDUCTIONS

Missouri law requires a taxpayer to start with the federal itemized deductions reported on Schedule A of his/her federal return. If you itemize deductions on your federal return, you may itemize your deductions for Missouri or take the standard deduction, whichever is to your advantage. If the taxpayer does not itemize his/her deductions on the federal return, he/she will not be allowed to itemize on the Missouri return. If the taxpayer is required to itemize on the federal return, he/she must itemize on the Missouri return.

ADDITIONS TO FEDERAL ITEMIZED DEDUCTIONS

Social Security Tax and Medicare Tax

Railroad Retirement Tax (Tier I and Tier II)

Self-employment Tax claimed on Federal Form 1040, Line 27.

SUBTRACTIONS FROM FEDERAL ITEMIZED DEDUCTIONS

The amount of state and local income tax claimed on the Federal Schedule A, less any city earnings tax included in that amount. If Federal AGI is more than \$145,950 or \$72,975 if married filing separately, consult the worksheet on Form MO-A, Part 2.

Note: If you itemized your general sales tax (Schedule A, Line 5b), enter zero on Form MO-A, Part 2, Line 8.

OTHER DEDUCTIONS

LONG-TERM CARE INSURANCE DEDUCTION

If you paid premiums for qualified long-term care insurance in 2005, you may be eligible for a deduction on your Missouri income tax return. Qualified long-term care insurance is defined as: insurance coverage for period of at least 12 months for long-term care expenses should such care become necessary because of chronic health conditions and/or physical disabilities including cognitive impairment or the loss of functional capacity, thus rendering an individual unable to care for themselves without the help of another person.

RESIDENT AND NONRESIDENT INFORMATION

FORM MO-NRI

Form MO-NRI is a supplement to the Form MO-1040 and may be used by a nonresident, part-year resident, or military personnel. (It may be filed by itself under the condition noted in bold print below.) Form MO-NRI allows a nonresident, part-year resident, or military personnel to allocate income on the basis of income earned in Missouri divided by income from all sources. This results in a percentage to be used to calculate the Missouri income tax liability. Form MO-NRI includes information for military personnel. Military personnel who are required to file, will need to file a Form MO-NRI with Form MO-1040. **Military personnel who are stationed in Missouri, but not required to file a return, will complete Form MO-NRI and sign the back. The Form MO-NRI should also be completed by someone who moved into Missouri after December 31, 2005 and had no Missouri source income. The Department of Revenue will “record” the information from the Form MO-NRI.**

FORM MO-CR

Form MO-CR is a supplement to the Form MO-1040 and may be used by a resident of Missouri who has income from another state and is required to file a return in that state. Form MO-CR allows a credit for income taxes paid to the other state against the Missouri income tax liability.

NOTE: A part-year resident may use Form MO-CR if the part-year resident elects to file a Missouri return as a resident. At NO time will the same taxpayer be allowed to use both Form MO-NRI and Form MO-CR. However, if filing a combined return, it is possible that one spouse could use a Form MO-NRI and the other, Form MO-CR.

EXAMPLE: Taxpayer moves to Missouri during the year and marries a Missouri resident. The Missouri resident has income from another state. The part-year resident elects to file using Form MO-NRI, but the Missouri resident must use Form MO-CR as he/she was a full-year resident of Missouri.

Access www.dor.mo.gov/tax for more information and examples.

MILITARY INFORMATION

MILITARY — GENERAL INFORMATION

The tax status of military personnel under the Missouri Income Tax Law and the Soldiers and Sailors Relief Act is determined by home of record. It is mandatory for Military Finance Centers to withhold state tax from a Missouri resident unless he/she qualifies to use the Form MO-NRI. Questions should be directed to Customer Assistance.



MILITARY — HOME OF RECORD — NOT MISSOURI

If the military service member's home of record is a state other than Missouri, his/her domicile is in the other state.

If the military service member is stationed in Missouri, then he/she is not subject to Missouri income tax on his/her military pay nor on any interest or dividend income received from personal investments. Even if the military service member is not required to pay Missouri tax, he/she should file a Form MO-NRI, Missouri Income Percentage, to verify the military service member is not subject to Missouri income tax.

Effective for the 2003 tax year, the Service Members Civil Relief Act, H.R.100, prohibits states from including the military income of a **nonresident** service member when determining the individual income tax rate for either the service member (or the service member's spouse on a combined return).

If a nonresident military service member or his/her spouse earns \$600 or more of non-military income while in Missouri, that portion of income is taxable by Missouri and a Form MO-1040, Missouri Individual Income Tax Return must be filed. To ensure nonresident military service members receive the benefit of the new law, the military income received by nonresident military service members may be subtracted from their federal adjusted gross income. Check the appropriate box and enter the nonresident military income on Form MO-A, Part 1, Line 7.

MILITARY — HOME OF RECORD — MISSOURI

If the military service member's home of record is Missouri, his/her domicile is Missouri. In this case, the person is considered Missouri domiciled and is subject to Missouri income taxes on all income from whatever source including his/her military pay.

The only exception is if the Missouri domiciled individual files a sworn statement (Form MO-NRI) that he/she:

- (a) maintained no permanent place of abode in Missouri during the tax year;
- (b) did maintain a permanent place of abode elsewhere; and
- (c) did not spend more than 30 days of the year, for which they are filing, in Missouri;

then the Missouri domiciled individual is considered a "nonresident" for tax purposes. With a "nonresident" tax status the individual does not pay Missouri income tax on his or her military pay or on interest and dividend income from personal investments.

All Missouri domiciled military personnel who wish to claim a "nonresident" status should file an income tax return (Form MO-1040) each year and enclose with that return Form MO-NRI, Missouri Income Percentage.

Note: If the military person is stationed in Missouri with a Missouri home of record, all income including military pay is taxable. If the military person and their spouse are Missouri residents and the spouse remains in Missouri while the military person is stationed outside of Missouri, the total income (including military pay) is taxable to Missouri.

If the Missouri domiciled military person enters or leaves the armed forces during the year and resides in Missouri prior to entering the military or after leaving the military, the military person's total income (including military pay) is taxable to Missouri. If the military service member's home of record is Missouri, his/her domicile is Missouri. In this case, the person is considered Missouri domiciled and is subject to Missouri income taxes on all income from whatever source including his/her military pay.

The only exception is if the Missouri domiciled individual files a sworn statement (Form MO-NRI) that he/she:

- (a) maintained no permanent place of abode in Missouri during the tax year;
- (b) did maintain a permanent place of abode elsewhere; and
- (c) did not spend more than 30 days of the year, for which they are filing, in Missouri;

then the Missouri domiciled individual is considered a "non-resident" for tax purposes. With a "non-resident" tax status the individual does not pay Missouri income tax on his or her military pay or on interest and dividend income from personal investments.

All Missouri domiciled military personnel who wish to claim a "non-resident" status should file an income tax return (Form MO-1040) each year and enclose with that return Form MO-NRI, Missouri Income Percentage.

DOMICILE — DEFINED

"Domicile" is the place which an individual intends to be his/her permanent home; a place to which he/she intends to return to whenever he/she may be absent. A domicile, once established, continues until the individual moves to a new location with the bona fide intention of making his/her fixed and permanent home there. An individual can have only one domicile.

Access www.dor.mo.gov/tax for more information and examples.

ESTIMATED TAXES

Under Missouri law, a taxpayer must file Form MO-1040ES, Estimated Tax Declaration for Individuals, if their tax liability is expected to be \$100 or more and Missouri tax is not withheld.

The Estimated Tax Form (Form MO-1040ES) must be filed on the following due dates:

- 1st Quarter — April 17, 2006
- 2nd Quarter — June 15, 2006
- 3rd Quarter — September 15, 2006
- 4th Quarter — January 15, 2007

NOTE: If the due date falls on a Saturday, Sunday, or legal holiday, the next business day is the due date.

Failure to pay 90 percent of the tax liability by withholding or estimated tax payments could result in a penalty for underpayment of estimated tax (Form MO-2210).

The department offers these alternative filing methods:

Tax Type	Filing Frequency	Payment	Return
Withholding Tax	Quarterly, Monthly, Annual	TXP or Online Paper Check	With electronic payment or zero return—telefile or coupon Coupon
	Quarter-Monthly	TXP or Online	Telefile, download paper coupon, or soon to be released online reconciliation
Corporate Income Tax Payment	1120ES or payment	TXP, Online or paper check	N/A
Sales/Use Tax	Quarterly, Monthly, Annual	TXP, Online or paper check	Mail paper return or telefile zero return
	Quarter-Monthly	TXP or Online	Mail paper return or telefile zero return
Individual Income Tax	1040ES	Paper or specific tax type at year end...can use online payment but will be LONV	N/A
	Payments	Online or paper	N/A

NOTE: An alternative payment method must be used for quarter-monthly sales/withholding tax payments. Paper vouchers are not offered. To learn more about alternative filing methods, access the department's web site at www.dor.mo.gov/tax/elecprog.htm, contact the department at (573) 751-3930, or e-mail elecfile@dor.mo.gov.

The department also encourages electronic/internet filing options for individual income tax. The department received more than 1,300,000 electronically filed returns for the 2004 tax year. Electronically filed returns offer many benefits to the taxpayer including receipt acknowledgment, faster refunds, accuracy, and convenience.

MISSOURI TAXABLE STATUS OF VARIOUS INCOME ITEMS

	<u>EXEMPT</u>	<u>NOT EXEMPT</u>
Bank for Co-operatives	X	
Commodity Credit Corporation	X	
Education Institution Bonds	X	
Export-Import Bank of U.S.		X
Farmers Home Administration		X
Federal Deposit Insurance Corporation (FDIC)	X	
Federal Farm Credit Banks	X	
Federal Farm Loan Corporation	X	
Federal Financing Bank (FFB) Obligations	X	
Federal Home Loan Banks (FHLB)	X	
Federal Home Loan Mortgage Cor.		X
Federal Housing Administration (FHA) Debentures	X	
Federal Intermediate Credit Banks	X	
Federal Land Banks	X	
Federal National Mortgage Association		X
Financial Corporation Bonds (FICO)	X	
Financing Corporation Obligations	X	
General Insurance Fund	X	
General Services Administration (GSA)	X	
Government National Mortgage Assoc.		X
Junior College Building Corporation Bonds	X	
Missouri Higher Education Loan Authority (MOHELA) Bond	X	
National Credit Union Central Liquidity Facility	X	
National Farm Loan Association	X	
New Communities Debentures		X
Public Housing Notes and Bonds	X	
Public Debt	X	
Resolution Funding Corporation Bonds	X	
Small Business Administration (SBA)	X	
Student Loan Marketing Association (Sallie Mae)	X	
Tennessee Valley Authority (TVA)	X	
U.S. Certificates of Indebtedness	X	
U.S. Freedom Shares	X	
U.S. Individual Retirement Bonds	X	
U.S. Treasury Bills, Treasury Bonds, Treasury Notes	X	
United States Postal Service	X	
Washington Metropolitan Area Transit Authority		X
Zero Coupon Bonds	X	
CATS, ZEBRAS, TIGRS	X	
Repurchase Agreements		X
U.S. Series E&H Bonds	X	
Puerto Rican Bonds	X	
American Samoa	X	
Guam	X	
Northern Mariana Covenant	X	
Northern Mariana	X	
Virgin Islands	X	

MISCELLANEOUS TAX CREDITS

MISCELLANEOUS TAX CREDITS

Missouri law allows for certain tax credits. The tax credits are computed by completing Form MO-TC, Miscellaneous Income Tax Credits. Enter the total amount of credits from Form MO-TC, Line 13, on Form MO-1040, Line 36. Form MO-TC must be attached to Form MO-1040. The following is a list of available credits and the agency to contact for information, forms, and approval to claim each credit.

1. TAX CREDITS ADMINISTERED BY THE DEPARTMENT OF ECONOMIC DEVELOPMENT

— Contact the Missouri Department of Economic Development, Tax Benefit Programs, P.O. Box 118, Jefferson City, Missouri 65102-0118 or access www.ded.missouri.gov.

- *New or Expanded Business Facility Credit* (573) 751-0717
- *Missouri Business Modernization and Technology (Seed Capital) Credit* (573) 751-0717
- *Neighborhood Assistance Credit (Including Homeless Assistance Credit)* (573) 522-2629
- *Enterprise Zone Credit* (573) 751-9051
- *Small Business Incubator Credit* (573) 751-0717
- *Small Business Investment Credit* (573) 751-0295
- *Community Bank Investment Credit* (573) 751-9051
- *Qualified Research Expense Credit* (573) 751-0717
- *Youth Opportunities Credit* (573) 751-4539
- *Historic Preservation Credit* (573) 522-8006
- *Remediation Credit* (573) 522-8004
- *Brownfield "Jobs and Investment" Credit* (573) 522-8004
- *Dry Fire Hydrant Credit* (573) 526-5417
- *Family Development Account Credit* (573) 526-5417
- *Film Production Credit* (573) 751-0717
- *New Enterprise Creation Credit* (573) 751-0717
- *Rebuilding Communities Credit* (573) 522-8004
- *Wine and Grape Production Credit* (573) 522-5821
- *Rebuilding Communities and Neighborhood Preservation Act Credit* (573) 522-8004
- *Demolition Credit* (573) 522-8004
- *Transportation Development Credit* (573) 751-3181
- *Development Tax Credit* (573) 751-3181
- *Missouri Quality Jobs Credit* (573) 751-9048
- *New Enhanced Enterprise Zone Credit* (573) 751-9048
- *Bond Enhancement* (573) 526-4194
- *Small Business Guaranty Fees Credit* (573) 751-2129

2. OTHER MISSOURI TAX CREDITS

- *Special Needs Adoption Credit* — contact the Missouri Department of Revenue, P.O. Box 371, Jefferson City, MO 65105-0371 or call (573) 526-8733.

- *Bank Tax Credit for S Corporation Shareholders*— contact the Missouri Department of Revenue, P.O. Box 371, Jefferson City, MO 65105, or call (573) 526-8733.
- *Missouri Low Income Housing Credit* — contact the Missouri Housing Development Commission, 3435 Broadway, Kansas City, MO 64111 or call (816) 759-6668.
- *Affordable Housing Assistance Credit* — contact the Missouri Housing Development Commission, 3435 Broadway, Kansas City, MO 64111 or call (816) 759-6662.
- *Processed Wood Energy Credit* — contact the Missouri Division of Energy, P.O. Box 176, Jefferson City, MO 65102-0176 or call (573) 751-3443.
- *Charcoal Producers Credit* — contact the Missouri Division of Energy, P.O. Box 176, Jefferson City, MO 65102-0176 or call (573) 751-4817.
- *Missouri Business Use Incentives for Large-Scale Development (BUILD) Credit* — contact the Missouri Development Finance Board, P.O. Box 567, Jefferson City, MO 65102-0567 or call (573) 751-8479.
- *Development Reserve Credit* — contact the Missouri Development Finance Board, P.O. Box 567, Jefferson City, MO 65102-0567 or call (573) 751-8479.
- *Export Finance Credit* — contact the Missouri Development Finance Board, P.O. Box 567, Jefferson City, MO 65102-0567 or call (573) 751-8479.
- *Infrastructure Development Credit* — contact the Missouri Development Finance Board, P.O. Box 567, Jefferson City, MO 65102-0567 or call (573) 751-8479.
- *Maternity Home Credit* — contact the Missouri Department of Social Services, P.O. Box 88, Jefferson City, MO 65103-0088 or call (573) 751-8934.
- *Agriculture Product Utilization Contributor Credit* — contact the Missouri Agricultural and Small Business Development Authority, P.O. Box 630, Jefferson City, MO 65102-0630 or call (573) 751-2129.
- *New Generation Cooperative Incentive Credit* — contact the Missouri Agricultural and Small Business Development Authority, P.O. Box 630, Jefferson City, MO 65102-0630 or call (573) 751-2129.
- *Shelter for Victims of Domestic Violence Credit* — contact the Missouri Department of Public Safety, P.O. Box 749, Jefferson City, MO 65102-0749 or call (573) 751-5103.
- *Sponsorship and Mentoring Program Credit* — contact the Missouri Department of Elementary and Secondary Education, P.O. Box 480, Jefferson City, MO 65102-0480 or call (573) 751-4192.
- *Disabled Access Credit* — contact the Missouri Department of Revenue, P.O. Box 371, Jefferson City, MO 65105-0371 or call (573) 526-8733.
- *Shared Care Tax Credit*—contact the Missouri Division of Aging, P.O. Box 570, Jefferson City, MO 65102-0570 or call (800) 235-5503.

PROPERTY TAX CREDIT CLAIM

The Property Tax Credit Claim is a refundable credit to the taxpayer if certain criteria are met.

A. TAXPAYER 65 YEARS OF AGE OR OLDER*

The taxpayer or spouse must be 65 years of age as of December 31, 2005. If the spouse was 65 or older and died during the year of 2005, the taxpayer would still qualify for the credit, even if he/she is not 65, for the tax year 2005.



B. DISABLED VETERAN

A taxpayer may also qualify for the property tax credit if the taxpayer or spouse is a veteran of the armed forces of the United States or the state of Missouri and the taxpayer or spouse became 100 percent disabled as a result of this service. The income received from VA disability pay is not included in household income.

C. DISABLED PERSON

The taxpayer may qualify for the property tax credit if the taxpayer or spouse is disabled as defined in Section 135.010(2).

Disabled (as defined in Section 135.010(2), RSMo): The inability to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment, which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. A claimant shall not be required to be gainfully employed prior to such disability.

A copy of the taxpayer's Form SSA-1099, SSI benefits, or a letter from Social Security Administration providing the date of disability must be submitted.

NOTE: Minor children do not qualify for this credit.

D. SURVIVING SPOUSE

If you are 60 years of age or older as of December 31, 2005, (born before 1944) and received surviving spouse social security benefits during 2005, you may qualify to claim the property tax credit. Form SSA-1099 must be submitted with filing.

E. ADDITIONAL INFORMATION

1. ***A taxpayer or spouse must have been a resident of Missouri for the entire year of 2005.** If the claimant would have been otherwise qualified for a property tax credit and would have been a resident for the entire 2005 calendar year, but died before the last day of the calendar year, the claimant would still qualify for the credit for 2005.
2. The taxpayer's household income may not exceed \$25,000 or \$27,000 for a married couple filing combined.
3. If the taxpayer owns the property, he/she must have a **PAID** copy of his/her real estate tax receipt or if the taxpayer rents (which includes nursing homes), he/she must have proof of the amount of rent paid. If the rent is paid to a relative, the relationship to the landlord must be indicated on the Form MO-CRP.
4. If the taxpayer is required to file an individual income tax return and still qualifies for the property tax credit, he/she should attach the Form MO-PTS to the Form MO-1040

PROPERTY TAX CREDIT CLAIM (continued)

or MO-1040P to expedite receiving his/her refund. If the taxpayer is required to file a Missouri individual income tax return and they do not have any modifications, miscellaneous tax credits or other special filing situations, they may file Form MO-1040P and should attach Form MO-PTS to claim their credits and satisfy their tax filing requirement.

5. The following is not included as income on the Form MO-PTC or Form MO-PTS.
 - a. Gifts
 - b. Prior year refunds
 - c. Foster grandparent salaries
 - d. Life insurance benefits
 - e. Food stamps
 - f. Sale of personal residence if it is not included in AGI. The claimant must have been a resident in the home at the time of the sale.
 - g. VA disability pension (for 100 percent service related disabled veteran).
 - h. Stipend for senior companions
 - i. Heating assistance
6. The property tax credit table has lines added to assist taxpayers in figuring their refund. The refund cannot exceed \$750.

***Please note the full year residency only applies to claimants 65 years or older. Veterans, disabled individuals, or individuals over 60 years of age receiving surviving spouse benefits, can be part-year residents.**

F. GRANTS

Grants in the claimants name can be included as income on Form MO-PTC, Line 2 or Form MO-PTS, Line 3 and the claimants can take credit for rent paid.

Grants in the nursing facility's name, distributed by the nursing facility, are not income to the claimant and cannot be claimed as rent paid.

G. LONG-TERM CARE INSURANCE BENEFITS

Benefit payments made payable to the care facility are not included as income or rent. If the benefit payments are made payable to the claimant, the amount of the payment (not to exceed rent amount) is claimed as income and rent. If the benefit payments exceed the rent amount, the excess is considered taxable income, and should be included as income on Form MO-PTC, Line 2 or Form MO-PTS, Line 3.

H. DOCUMENTATION REQUIRED (This is for AARP/VITA site volunteers)

1. Copy of the property tax receipt (Paid) or MO-CRP (Certification of Rent Paid)
2. Copy of letter from VA for 100 percent disabled veterans (DOR approved)
3. Form SSA-1099, SSI benefits, a letter from the Social Security Administration providing a date of disability.

Before the Forms MO-PTC, MO-1040P, or MO-1040 are sent, make sure that all the required documentation is attached, double check the address, ensure the social security number is correct, and make certain the return is signed. If the taxpayer is unable to sign his/her name, and another person signs as Power of Attorney (POA), a copy of the POA document must be attached.

Mail Form MO-PTC and supporting documentation to: Missouri Department of Revenue,
P. O. Box 2800, Jefferson City, Missouri 65105-2800.

Form MO-PTS should be included with Form MO-1040P and mailed to the appropriate
address on the form.

If filing Form MO-1040, Form MO-PTS should be attached and mailed to: Missouri
Department of Revenue, P.O. Box 2800, Jefferson City, MO 65105-2800.

NOTE: *A taxpayer may sign with an "X" if two people witness his/her "mark".*

NOTE: Property tax credit refunds may be applied to individual income tax debts and/or
property tax credit billings caused by amended returns or corrections made by
the department.

INFORMATION RETURNS

FORM MO-99 MISC — ANNUAL REPORT OF PAYMENT OF RENT, ROYALTIES, ETC.

Form MO-99 MISC, comparable to Federal Form 1099 MISC, must be filed for nonresi-
dents when such amounts aggregate of \$1,200 or more. Copy 1 is to be filed with the
Department of Revenue, P.O. Box 999, Jefferson City, Missouri 65109-0999 with Form
MO-96, Annual Summary and Transmittal of Information Returns. Copy 2 is to be provid-
ed to the recipient. Copy 3 is optional and is Payer's copy. The due date is February 28.

FEDERAL FORM 1099 MISC — SUBSTITUTE FOR FORM MO-99 MISC

Form 1099 MISC can be used as long as the copies are clearly marked as follows:

Copy 1 – Missouri copy; and Copy 2 – Information supplied to Missouri Department of
Revenue. The due date is February 28 (February 29 for Leap Years).

GENERAL INFORMATION

FORMS

Forms and instructions may be obtained from any office of the Department of Revenue. The locations are listed inside the cover of this book. Forms may also be ordered by calling the toll free telephone number (800) 877-6881. Up to 10 forms may be ordered at no charge.

FORMS-BY-FAX

Forms may be ordered/received by fax by calling (573) 751-4800 from your fax machine handset. When using the forms-by-fax option, the receiving fax machines must have enough memory to store all selections made. Otherwise, forms will be dropped out during the transmission.

INTERNET

The Missouri Department of Revenue can also be accessed through the Internet at the following web site: **www.dor.mo.gov/tax**.

AMENDED RETURNS

If a taxpayer files an income tax return and later becomes aware of changes that must be made to income, deductions, or credits, he/she must file an amended Missouri return by completing Form MO-1040. A copy of the federal amended return, Form 1040X, must also be provided, if one was filed.

FEDERAL TAX ADJUSTMENTS

Missouri law requires taxpayers with federal returns that are adjusted or audited to file an amended Missouri return within 90 days after the adjustments or audit has been completed or accepted.

WHEN TO FILE

A calendar year return is due on or before April 15th. Returns for fiscal years are due on the 15th day of the fourth month after the close of the taxable year. When the due date falls on a Saturday, Sunday, or legal holiday, the return will be considered timely if filed on the next business day.

WHERE TO FILE AND PAY TAX

Mail returns and check or money order to the Missouri Department of Revenue, P.O. Box 329, Jefferson City, Missouri 65107-0329 (*2-D barcode returns only*: P.O. Box 3370). For refund claims, mail to Department of Revenue, P.O. Box 500, Jefferson City, Missouri 65106-0500 (*2-D barcode returns only*: P.O. Box 3222).

EXTENSION TO FILE

Missouri grants an automatic extension of time to file to any individual, corporation, partnership, fiduciary, or estate who has a Federal extension. You do not need to file Form MO-60 (Application for Extension of Time to File) unless:

1. **You expect to owe a tax liability for the period.** Form MO-60 and payment are due on or before the due date of the return.
2. **You want a Missouri extension but not a Federal extension. See NOTE below for exception on individual income tax returns only.** Form MO-60 is due on or before the due date of the return. A copy of Form MO-60 must be attached to the Missouri returns when filed. An approved Form MO-60 extends the due date up to 180 days for the individual, fiduciary, partnership income tax returns, and the corporation return.
3. **You seek a Missouri extension exceeding the Federal automatic extension period.** Form MO-60 must be filed on or before the end of the federal extension period.

You must complete a separate Form MO-60 for each return or report.

NOTE: For individual income tax returns only. You are not required to file a Form MO-60 if:

1. You have an approved federal extension. (Attach a copy of your federal extension when you file your Missouri return.)
2. You do not expect to owe additional income tax.
3. You anticipate receiving a refund.

METHODS OF PAYMENTS

Payments must be postmarked by April 17, 2006, to avoid interest and late payment charges. When the due date falls on a Saturday, Sunday, or legal holiday, the return will be considered timely if filed on the next business day. The department offers several payment options.

Check or money order: Attach a check or money order (U.S. funds only), payable to Missouri Director of Revenue. Checks will be cashed upon receipt. **Do not postdate.** The department may collect checks returned for insufficient or uncollected funds electronically.

Electronic Bank Draft (E-Check): By entering your bank routing number, checking account number, and your next check number, you can pay online at the following address: **www.dor.mo.gov/tax/personal**, or by calling (888) 929-0513. There will be a minimal handling fee per filing period/transaction to use this service.

Credit Card: The department accepts MasterCard, Discover, Visa, and American Express. You can pay online at **www.dor.mo.gov/tax/personal**, or by calling (888) 929-0513. The convenience fees listed below will be charged to your account for processing credit card payments:

<u>Amount of Tax Paid</u>	<u>Convenience Fee</u>
\$0.00–\$33.00	\$1.00
\$33.01–\$100.00	3.0%
\$100.01–\$250.00	2.9%
\$250.01–\$500.00	2.8%
\$500.01–\$750.00	2.7%
\$750.01–\$1,000.00	2.6%
\$1,000.01–\$1,500.00	2.5%
\$1,500.01–\$2,000.00	2.4%
\$2,000.01 or more	2.3%

Note: The handling and/or convenience fees included in these transactions are being paid to the third party vendor, Collector Solutions, Inc., **not** to the Missouri Department of Revenue. By accessing this payment system, the user will be leaving Missouri's web site and connecting to the web site of Collector Solutions, Inc., which is a secure and confidential web site.

Mail your return and all required attachments to: **Department of Revenue, P.O. Box 329, Jefferson City, MO 65107-0329.**

INTEREST AND PENALTY

Interest is due on tax not paid on time. For calendar year 2005, interest is computed at 4 percent per annum from the date due until the date paid. Additions to tax for failure to pay on time is assessed at 5 percent of the tax due. For failure to file on time, additions to tax of 5 percent per month, not to exceed 25 percent, is assessed.

KEEP YOUR RECORDS

Taxpayers should keep copies of tax returns and Form W-2 statements for four years.

COMMON MISTAKES ON MISSOURI INDIVIDUAL INCOME TAX RETURNS

1. The tax return is not signed.
2. Necessary documentation is not attached. Examples: Form W-2(s), 1099-R(s), Federal Return (Pages 1 and 2), Federal Schedule A, Form MO-A, Form MO-CR, and other states' returns.
3. The amount of Missouri tax withheld claimed is not correct. City earnings tax and withholding from other states are erroneously claimed.
4. Calculation errors are made on the returns.
5. The amount of Federal tax withheld is claimed as a deduction instead of actual Federal tax liability.
6. Federal Earned Income Credit is incorrectly claimed as a Federal tax deduction on Missouri returns.
7. The wrong filing status box is checked.
8. Total number of dependents claimed is incorrect. The filer incorrectly claimed self or spouse as dependent. The number of dependents is not indicated in the box provided on the tax return.
9. Missouri tax on taxable incomes over \$9,000 is incorrectly calculated.
10. Estimated tax payments are not claimed on the return.
11. The husband and wife incomes do not equal total Missouri adjusted gross income. Income percentages are incorrectly calculated.
12. The amount of standard deduction claimed does not correspond to filing status. Many Federal Form 1040EZ filers incorrectly include their Federal personal exemption in the Missouri Standard Deduction on Form MO-1040A.

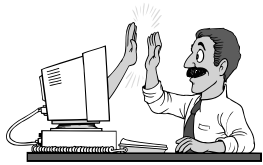


FINAL CHECKLIST IN COMPLETING MISSOURI INCOME TAX RETURNS

- ☐ Peel the label off the cover of the tax book and place it on the return, only if all information is correct. If a postcard was received instead of a book, please use the label from the postcard on your return.
- ☐ In the space provided, enter your and your spouse's social security number(s), the number of the school district, the name of the county in which the taxpayer resides, and check the appropriate box if deceased is applicable.
- ☐ Check and verify all calculations on the return. An error may delay a refund, result in a billing, or necessitate correspondence.
- ☐ Attach state copies (from all states if you are a part-year resident) of Form W-2(s) and Form 1099-R(s) from all employers and administrators who withheld Missouri tax. Verify that the amount entered on Form MO-1040, Line 31 equals the total shown on Form W-2(s) and Form 1099-R(s).
- ☐ If submitting a Property Tax Credit Claim, send a completed Form MO-PTC or Form MO-1040 or Form MO-1040P and attach Form MO-PTS, with copies of tax receipts and Form MO-CRP(s).
- ☐ Make certain the return is signed (both spouses must sign a combined return).
- ☐ If the taxpayer itemized deductions on his/her Federal return, he/she must attach a copy of Pages 1 and 2 of his/her Federal Form 1040 and Federal Schedule A. Also attach a copy of his/her Federal return (Pages 1 and 2) if Form MO-1040, Line 6 includes loss(es) of \$1,000 or more, he/she claimed a pension exemption, a low income housing credit, a low income housing credit recapture, a dependent deduction is claimed for a dependent age 65 or older, other federal taxes, are claimed or a Form MO-NRI is filed.
- ☐ Attach a check or money order if the balance due on Form MO-1040, Line 48 is \$1 or more. The taxpayer must sign his/her check and write his/her social security number on the check.
- ☐ Instruct the taxpayer where to mail the return and attachments.



2005 Missouri Income Taxes



File Electronically!!

E-file your state and federal return!
It's inexpensive, accurate, and fast!

Visit our web site for more information and links to file.

www.dor.mo.gov/tax

Not filing electronically? Visit our “***Form Selector***”
 online to determine the easiest form for
 you. Then use our
Fill-in Forms that Calculate!



You don't need a paper return if you:

- Received a book
- E-file
- Visit us online
- Use software, or
- Take your taxes to a preparer.



Didn't receive a tax book and want a paper return?

Choose the *easiest* form!

Only 3% of tax filers NEED the
Form MO-1040—Long Form.

Property Tax and Assessment Practices

Testimony Regarding General Assessment Practices

I. Missouri State Tax Commission (STC), Bruce Davis, Chairman- July 14, 2005

A. Assessment

1. The local county assessor is responsible for assessing all taxable property in his jurisdiction except those that are assessed by the commission
2. The commission assesses personal property of airlines, railroads, electric companies, telephone companies, pipelines, and similar public utilities
3. There are 2 types of assessors, elected and appointed
4. Assessors must base their assessment on “true value in money,” synonymous with the fair market value of the property, except in the case of agricultural property where the true value is based on the productive use of the land
5. Assessment percentage (rate) for different types of property
 - a. Residential- 19% of real property
 - b. Agricultural- 12% of real property
 - c. Utility/Commercial- 32% of real property
 - d. Personal- 33.33% of real property

B. Assessment Plan

1. Each county must develop and implement a comprehensive assessment plan agreed upon by the county assessor, county commission, and the STC
2. The state reimburses local jurisdictions for about half of their assessment costs, provided that the county is in compliance with their assessment plan
3. The plan begins in the even numbered year and frames the tax day (January 1st), providing enough time before and after tax day to gather market information, review properties, determine market tendencies, and adjust assessments accordingly
4. The plan includes a statement, budget, and a detailed timeline of how the plan is to be implemented

C. Valuation and Oversight

1. After approval by the STC of the plan, each assessor follows through with the plan
2. The employees of the STC’s Technical Assistance Section perform routine visits to assist the counties and determine if the county is in compliance with the assessment plan- if the STC finds that the county is not in compliance, the state can withhold state reimbursement funds until the matter is resolved
3. The STC may also issue orders to assessors to enforce the law and assure uniform treatment of property throughout the state (intercounty equity)

D. Calculation of Taxes

1. True Value X Assessed Rate X Applicable Tax Rate = Tax
2. Example: True value = \$90,000
 - Applicable Tax Rate = \$6.30 per \$100 of true value
 - Assessed Rate (Residential) = 19%
 - $90,000 \times .19 \times .063 = \$1,077.30$

E. Ratio Studies

- The STC conducts studies, referred to as “ratio studies” to determine local assessment levels and quality

1. Ratio Study Methodologies

- a. Appraisal Ratio Study (Currently used by the STC)
 - 35-50 parcels are randomly selected within each subclass of property
 - STC staff appraisers gather market costs, market sales data, and market rental information in the county and use the data to establish values for each property
 - Commission appraiser supervisor checks to see if appraisal is in compliance with standards
 - The final values of the parcels are compared to those of the assessor and from that mathematical equation, a “ratio” is established
- b. Appraisal Ratio/ Sales Ratio Hybrid
 - The population is stratified and a statistically validated number of sales is used in each stratum
 - If an adequate number of sales is not available, then appraisals are used to fulfill the statistical requirements
 - The Commission recommends that this be the type of study used to determine the assessment value
- c. Sales Ratio Study
 - Sales are gathered and verified to be arm’s length transactions and not to include personal property, financing incentives, or other factors that may skew their usefulness as market indicators
 - The verified sales are then time adjusted to the tax date, and compared against the jurisdiction’s property tax assessments

F. Appeal Process

1. Informal Meeting with Assessor
2. Board of Equalization
3. State Tax Commission hears the case
4. Judicial Review

G. Authority, Organization, and Functions of the STC

- The STC has 6 basic functions
 1. Equalize Assessments
 2. Conduct de novo judicial hearings regarding valuation and classification appeals from local boards of equalization
 3. Formulate and implement statewide assessment policy

4. Supervise local assessing officials and programs
 5. Conduct ratio studies to determine assessment level in each county
 6. Assess the distributable property of railroads and public utilities
- The staff of the commission is divided into 5 sections
 1. Administration
 2. Legal
 3. Ratio Study
 4. Original Assessment
 5. Technical Assistance

H. Impediments to the STC's duties

1. Certificate of Value
 - Assessors are required to assess property based on market value
 - In 111 of the 115 districts, sales information can only be gathered if a buyer or seller is willing to provide it voluntarily
 - The STC has a more difficult time gathering sales information than do the local assessors
 - Without data, it is extremely difficult for the commission to evaluate the accuracy of a county's assessment program
2. Budget Constraints
 - Over the last 3 years, the STC's budget has been cut by 30%
 - While efficiencies have offset some of these cuts, the STC feels they are inadequately funded to assist and monitor local assessors
3. Litigation
 - When equalizing values or when reimbursement funds are withheld, costly and time-consuming litigation can result
 - The county then may suffer from a loss of funds because the books are closed and tax bills were sent and paid

II. **Missouri Assessor's Association, Shawn T. Ordway and Randy Holman- September 7, 2005**

A. Challenges

1. Disparity of resources from county to county- each county is different relative to economic trends, property types, market conditions, external influences, etc.
2. Difficulty in obtaining adequate sales data- certificate of value
3. Personal property requires a disproportionate amount of resources while representing a small part of assessed property
4. CAMA software requires much maintenance, high labor effort, and is not uniform throughout Missouri- different counties use different types of CAMA software
5. Most counties do not have the resources to hire commercial appraisers
6. Must meet the demands and expectations of the public and make their records available to the public
7. Must defend their valuations in appeal processes- the association does not have the resources to hire experts to defend the valuations

8. Staff Turnover- Many staff members work for the association for training and experience purposes
9. The 2 year cycle is necessary but expensive
10. Adequate and secure funding

B. Strengths of Current Assessment Practices

1. High degree of scrutiny from the General Assembly, the State Tax Commission, political subdivisions and taxpayers, causing assessment officers to make records more readily available to the public
2. The State Tax Commission has general oversight of county assessors and assessment practices
3. The 2 year assessment cycle allows for in-depth and individual analysis of each county's assessment program
4. The education and training of assessors is provided by the Missouri Real Estate Appraisers Commission and normally taught by I.A.A.O. instructors
5. The staff is knowledgeable and competent
6. Strong set of property assessment laws that have withstood the test of time

C. MSAA involvement in Assessment Practices

1. Provides I.A.A.O. level education classes, twice per year, for all assessors and their staffs
2. Produces the Personal Property Valuation Guide used statewide in the valuation of vehicles
3. Organizes the annual conference for assessors
4. Meets with the STC to establish livestock values on a yearly basis
5. Communicating the position of assessors on several bills
6. Communicating with other state and local agencies
7. Regional groups hold regular meetings to keep assessors informed and hear concerns regarding assessments
8. MSAA website, which will go live in September 2005

D. Suggestions to Benefit the Assessment Process

1. Certificate of Value- to address Challenge #2
2. Regional Commercial Appraisers- to address Challenge #5
3. Updated hardware and software system- to address Challenge #4
4. GIS- Digital Mapping
5. Building permits to track new construction- some counties do not have a building permit system
6. Central repository for commercial and other sales for statewide assessors' use
7. Adequate personnel resources- to help with on-site reviews
8. Proficient training and resources for staff
9. More funding/money resources

E. Conclusions

1. Assessors do an enormous workload, are held to extremely high standards on a tight budget

2. Assessors job is to equalize assessments providing uniformity, consistency, and fairness to the property tax system
3. Personal property functions take a disproportionate time of assessors' time and resources
4. Assessors lack an adequate sales reporting system, updated software/hardware, etc. that would greatly improve the assessment program in Missouri
5. Progress is being made to communicate and work together with interested parties
6. The MSAA welcomes any suggestions the committee may have and stands willing to work with the committee on any and all issues relating to assessment

III. Steve Gardner- UMSL, Public Policy Research Center- August 8, 2005

A. Past Reassessment Practices- 1970s

1. Perceptions by many that assessments were unequal both within and between counties (intracounty and intercounty)
2. George Lehr, the State Auditor at the time, conducted his own ratio study that showed dramatic differences between the counties at a time when the State Tax Commission was routinely reporting virtually all counties in compliance with the legally prescribed levels, adding much credence to what before had been merely a perception
3. A lawsuit regarding St. Louis County assessment practices were moving through the courts
4. Various education interests were claiming that the system in practice was serving them poorly

B. 1979- The Pivotal Year

1. The legislature passed a bill requiring state-wide reassessment, strengthening the rollback law and providing funding for county assessors
2. Missouri Supreme Court ruled that St. Louis County assessment practices were unconstitutional and made clear that the STC had the powers to act broadly to affect equity within counties and between counties
3. The STC ordered all counties to begin planning to implement a complete reassessment

C. The Next 5 Years

1. The STC set up three sub-classes of real property- residential, commercial, and utilities- and designated ratios to each class
2. Three errors were made-
 - a. The STC should have designated a single computer system for the counties' use in property assessment
 - b. The issue of capturing sales prices should have been resolved- Certificate of Value
 - c. Much of property tax law was written prior to the creation of the subclasses and biannual assessments- therefore the progress and

the ability to maintain the improved results were already compromised by antiquated law

D. The Current Time

1. Current law doesn't acknowledge advances in technology, statistics, the standards of the assessment profession, etc.
2. Current law is out-of-date and often in conflict with the requirements of bi-annual assessment and multiple sub-classes of real property
3. Missouri has no statutory standards by which to measure the adequacy of its assessment results
4. Missouri is the only state of 50 that conducts its ratio study on the basis of appraisals (except California which has a unique system)
5. Certificate of value remains a controversial issue- rural legislators believes that it is an invasion of privacy
6. The legislature continues to enact new education formulas as necessary, but continues to ignore the certificate of value
7. Every two years a ratio study is conducted under far less than ideal circumstances to produce what might be called "magic equivalent ratios"- it seems as though when a county has a low ratio on one subclass of property, it often achieves a high ratio on another subclass- the result is a certification of compliance with overall requirements
8. It is rare that any county is found to be non-compliant- Why?
 - a. The process of using appraisals rather than sales to indicate market value is highly subjective, as is the multiple step appeal process
 - b. It is easier to find compliance when non-compliance entails major consequences, especially when the approach is subjective
 - c. The resources available to conduct the studies are inadequate
 - d. In some cases, strong political pressure is exerted
 - e. Legislatures in the past made it clear that they did not want a good ratio study
 - The statutes requires that if a county initially fails, the assessor can select properties to re-argue value
 - If still found non-compliant, the school district argues the value- generally meaning the assessor again
 - If still found non-compliant, the county may use the current year or the average of the best 3 of 4 years
 - Somewhere along the line, political pressure is exerted saying that the end result better not be schools or the assessor losing money
 - If the STC orders increased assessments at the local level, the county may not comply- resulting in a lawsuit
9. The rollback laws are incomprehensible, a lawyer familiar with the statute claims that the common interpretation is incorrect

E. Shifting Burdens

1. There has been an increasing burden on residential real estate from about 38% to about 48% of the total assessed value over the past 15-20 years

2. From 1984-Present, the share of agricultural burden has plummeted from about 12% to less than 3% of the total property tax revenue
 - a. The reasons for these changes are not known specifically, but the productivity values used by the STC on agricultural property are the same as in 1995, and less than in 1985
 - b. The studies that the STC commissions every two years from UM's Department of Agriculture suggests that the STC's values are not the appropriate ones
 - c. A great deal has happened over the course of the past 20 years to which the legislature has paid little attention
- F. 3 Suggestions to the Joint Committee on Tax Policy
 1. Ensure that the state aid for education uses good data
 - a. What if 1/3 of counties are assessing meaningfully below the state level, and 1/3 are assessing meaningfully above the level- billions of dollars would go to the wrong schools
 - b. It is the duty of the legislature to do whatever it takes to assure that the correct information regarding local need and local ability is plugged into the formula so that the next 30 billion dollars of schools aid goes to the right districts
 2. Missouri needs a systematic review of the laws and practices regarding the property tax- explanation for which is earlier in the testimony- one suggestion is to focus on intra-county value-setting and equalization in odd years, followed by a good ratio study providing adequate evidence for inter-county equalization, and complete the process with inter-county equalization in even-numbered years
 3. The state needs a strong State Tax Commission to enforce property tax assessment statutes

IV. Missouri Growth Association, Sandy Rothschild- August 8, 2005

- A. The Argument as to Why There is No Equalization
 1. There are no valid equalization studies performed by the State Tax Commission as required by law
 2. No equalization studies are available to boards of equalization and, thus, no board of equalization fully performs the duties imposed by statute
 3. The lack of equalization raises serious questions as to whether Missouri's property tax system is operating in compliance with constitutional requirements
 4. Many statutory provisions enacted before the State adopted three subclasses of real property (agricultural, commercial, and residential) are vague because it is unclear how the subclasses are to be handled
 5. Duties of the State Tax Commission are too broad and conflicting:
 - a. The STC supervises local assessors and boards of equalization
 - b. Hears contested assessment cases
 1. The STC has a preference for hearing cases versus issuing rules or supervisory orders

2. This way of handling issues violates the principles of uniformity because STC decisions do not establish a mandatory precedent; other counties do not have to follow the ruling and few assessors feel bound when the decision is in their county
3. The STC preference for waiting for contested cases rests, at least in part, because the Commission is granted a superior recognition as an authority when its decisions are review that does not exist when its rulemaking is reviewed or when it exercises supervisory authority. This policy ignores the cost to taxpayers and harm done by delay and uncertainty within the property tax system.
- c. The STC performs the only study that determines how well it has performed its supervisory duties over assessors. If this approach to grading were extended to Missouri public school children, we would have a State of straight A students.
- d. The STC acknowledged to the General Assembly that its funding is inadequate for it to properly perform all its duties and that it cannot perform those duties without a statewide certificate of value
- e. The STC is the State's expert on the subject of property taxes. It has called for enactment of a certificate of value for the past quarter century. Without a COV, it has repeatedly acknowledged that it and local assessors cannot adequately do their jobs. The question that should concern the General Assembly is how will a court treat these admissions from the State's expert?
- f. The STC hires hearing officers who also assist in developing Commission policy. If a case involves the legitimacy of one of their policies, will the taxpayer receive a fair and impartial hearing? Senator Loudon has announced plans to move all hearing officers to one agency. I endorse the recommendation.
6. Reports by the media regarding plaintiffs in the school funding lawsuit are inaccurate: my wife and I are plaintiffs on behalf of ourselves and the Missouri Growth Association. The plaintiffs are not exclusively school districts, contrary to media reports. And, as the commission has written, "The financial foundation of... public schools [is] dependent on the stable and reliable revenue source provided by the property tax."
- B. Provisions are Ignored by Assessors, Boards of Equalization, and the STC
 1. Many assessors fail to revalue property every two years as required by law. Despite this failure, the Commission still provides reimbursement.
 2. The technology utilized by many assessors is woefully outdated and unlikely to produce reasonable approximations of true value of money. Many small counties cannot afford to hire the technical expertise required in a mass appraisal setting to reliably have values approach true value in money.
 3. In the past five years or so, there has been an unprecedented rate of turnover of county assessors.

4. Reassessment plans call for all properties to be reinspected once every six years. In St. Louis County, according to a study in 2001 in conjunction with the “Drive-by Assessment Scandal,” ten percent of the counties parcels did not have qualifying inspections with some parcels showing the last inspection 20 or more years earlier.
5. There are numerous statutory declarations that there is no presumption that the assessor’s valuation is correct. Because there is no review of BOE proceedings, this dictate is widely ignored and taxpayers are unaware of its existence. The STC could/should monitor whether taxpayers are being treated according to law, but does nothing.
6. Before the assessor may increase the assessed valuation of any parcel of subclass (1) real property by more than fifteen percent since the last assessment, excluding increases due to new construction or improvements, the assessor shall conduct a physical inspection of such property.
7. Key points
 - a. The STC supervision of local boards of equalization is virtually non-existent.
 - b. The STC justifies its failure to supervise assessors and boards of equalization because its appeal hearings are de novo. This interpretation simply denies due process of law to property owners at board of equalization hearings.
 - c. Because so many statutory provisions are routinely ignored by assessors, boards of equalization, and the STC, Missouri’s property tax system may operate in a manner that consistently denies taxpayers due process of law.
 - d. The STC is of dubious accuracy. From personal experience, I have heard how some parcel appraisals stay in a county’s study while others are removed. In two words, it was “horse trading.” The merits or deficiencies of the contested appraisals were never discussed. It was a situation where the assessor and field appraiser agreed to “take these five out and leave these seven in.” Further, I have talked with former STC field appraisers, who acknowledge that their valuation numbers were altered after they had completed their work- by a STC higher-up who had no appraisal background or training and who had never inspected the subject parcel.
 - e. From personal observation, the STC appraisal work often was filled with errors. My knowledge comes from properties I represented and knew the occupancy level, rental rates, operating expenses, actual square footage and other relevant considerations. If the assessor had erroneously measured a building or disregarded the flood plain, those same errors would appear in the STC appraisal.
 - f. In a study determining the accuracy of STC ratio study appraisals sponsored by both the Missouri Growth Association and the Public Policy Research Center at UMSL, two out of three appraisals

showed substantial differences in two of the three assessment jurisdictions.

C. Recommendations

1. The duties of the STC should be divided so as to end internal conflicts. Supervision of assessor boards of equalization should be the Commission's primary duty. Hearing contested cases should be switched to another agency. The equalization study should be performed either by the State Auditor, since it measures how well the Commission is performing its duties, by some other agency (which could include one or more campuses of the University of Missouri) or a private company. There are several states that contract for their equalization study with a private vendor.
2. Having 115 county assessors is highly inefficient and produces substandard results. It also introduces an inordinate amount of political pressure into assessment practices. If Missouri had 4-6 assessment districts, the economy of scale would enable each district to acquire the appropriate technology and staff expertise that is all too often lacking in many assessor offices. If the changeover were to occur in 2008 or 2010, assessors and assessment personnel could plan for the change without suffering a sudden disruption.
3. Much of the testimony has criticized the performance of the STC; however, the STC is correct that a Certificate of Value is essential for assessors to perform their duties adequately. The Commission has been correct in its advocacy of a COV and we think this may carry considerable weight with the courts. A COV is also essential if the STC is to perform the Sales Ratio study called for by state statute. Having COVs would also enable the timely preparation of an equalization report while the first round of taxpayer appeals are being considered.
4. Lawsuits challenging the STC's orders should be filed either in Cole County, where the courts are accustomed to state agencies being sued, or a neutral county circuit court.
5. How equalization is to occur needs to be clarified.
6. The appeals process does not work well and frequently ignores the rights of taxpayers. There is a lack of communication between boards of equalization and the STC, and there is no standard for how boards of equalization are to administer their duties.
7. The legislature has passed numerous statutes imposing evidentiary burdens upon the assessor in residential cases. The appeals process needs greater accountability for property owners and for innocent taxing jurisdictions whose tax base is put at risk by uninformed and indifferent administrative enforcement.

V. **Ronald E. Levy- Property Owner- August 8, 2005**

- A. Missouri needs 1978 Proposition 13 of California where homeowners pay a tax on the purchase price of home

- B. Reassessment should be capped every year at 2% or to the realized growth of the Consumer Price Index
- C. Personal Property Tax should be eliminated
- D. Missouri is losing business due to the personal property tax

VI. Carl Sandstedt- St. Charles City- County Library District- August 8, 2005

- A. Personal Property- STC wholesale abandonment of assessments, large companies got depreciation, many pop stores paid full amount
- B. Missouri should reset everything, so no more personal property tax and shift it over to real property tax
- C. Overall, wants simplification

VII. JoAnn Rudroft- Resident of Florissant Speaking on Senior Citizen Issues- August 8, 2005

- A. Real Estate Taxes should be frozen for senior citizens until property is sold
 - 1. The loss of revenue that would occur from this plan would have to be replaced by Missouri's General Revenue fund
 - 2. Missouri would not be able to recover its loss of GR funds until the house is sold or inherited by a relative other than the spouse of the owner
 - 3. Senior Citizens must be at the point of poverty to be eligible for plan
- B. Senior Citizens are taking jobs from young to pay for property taxes

VIII. Missouri National Education Association, Otto Fajen- August 8, 2005

- A. TIFs- tax reduction incentives should only be granted on the basis of need
- B. School Districts should be able to keep whatever growth is realized by the Consumer Price Index
- C. Reassessment impact- likes the idea of separate rollbacks for the different types of property
- D. Be proactive about reassessments

IX. Vanguard Appraisals, Bob Kocer and Robert Ehler- October 24, 2005

- A. Vanguard assisted Iowa with reforming reassessment services
- B. The system used by Vanguard is the system used by 150 jurisdictions in the Midwest, 32 in Missouri- it is approved by the I.A.A.O.
- C. System promotes uniform evaluation of and between properties
- D. Iowa developed a centralized manual for assessments instead of a centralized software system
- E. Iowa Department of Revenue then conducts classes to teach how to interpret and implement the manual

X. Public Policy Research Institute, Steve Gardner- December 5, 2005

- A. It is Constitutionally required that Missouri equalize the 2.7 million parcels of property in the state
- B. Without equalization, the tax burden is unfair and unequally distributed

- C. There are 115 assessors with different skills, motivations, etc. that will produce different results for the 500 taxing authorities that cross county boundaries
- D. The primary means of achieving equalization is a good quality ratio study
- E. Recommendations for achieving equalization
 - 1. Contract out for a study of the effectiveness of Missouri's rollback laws and oversight and document any problems or concerns- study policy alternatives to address any problems that are found
 - 2. Collect additional sales information. Provide the STC with funding to shoulder the effort of obtaining voluntary sales disclosure. A supplemental appropriation is recommended for a quick start-up. Allow voluntarily supplied sales information to remain confidential within the government. Allow for the STC to enter in agreements with non-governmental parties to obtain and use proprietary information without making the information subject to the sunshine law. Prohibit sales chasing and impose penalties for violations.
 - 3. Prepare for a timely and reliable sales ratio study for use in accomplishing statewide equalization subsequent to the 2009 reassessment. Contract with an independent expert organization to assist in the design, implementation, conduct, and evaluation of the ratio study and related issues, and make recommendations for further improvement.
 - 4. Adopt regulations setting compliance standards that conform to those of the I.A.A.O. for level of assessment, uniformity, and vertical equity. Define the process for measuring compliance as well as a process and timeframe for curing non-compliance.
 - 5. The General Assembly may want to convene an advisory committee composed of representatives of assessors, collectors, county clerks, county courts, county prosecutors, the Missouri General Assembly, and the STC in order to reach a consensus recommendation that will assure effective enforcement while providing counties with reasonable due process. An effective process includes a means certain to resolve differences before mailing assessment change notices. If no consensus can be reached, the General Assembly retains the authority to act, and should.
 - 6. Develop and implement a timetable for all of the changes to the process.
 - 7. Hire an executive director to take charge of the executive functions of the STC. Erect a "Chinese Wall" whereby the commissioners do not participate in these functions, except in two circumstances. First, the STC should retain the authority to accept or deny regulations proposed by the executive staff. Second, the STC should act as an arbiter or final authority in disputes between counties and executive staff. Provide the new director with funds to begin rebuilding the staff and capability of the executive function of the STC as well as some reasonable discretionary funds for tackling issues as they arise.
 - 8. Provide a pool of funds for improvement grants to disburse to counties based on merit, need, local match funds, etc. While the state needs to

- continue to provide base funding on a parcel basis, some of the growth in funding can be performance based- in the short run, meaning improvement. In the longer term, consider awards for excellence, but not until measurements improve.
9. Create a permanent advisory committee with a broad mission to engage all relevant state and local offices and sources of expertise to improve Missouri's property tax administration and use of property data. Local officials represented to include assessor, collector, recorder, and clerk. State executive officials represented to include STC, Auditor, GIS, Attorney General, and Governor. State legislative officials represented to include appropriations, tax policy, and local government policy. Special others to be represented to include various experts from academia or private industry.
 10. Conduct a feasibility study, examining a variety of options for moving toward a standardized statewide software system that is state of the art for all functions related to property as the state and local level. Assign the task to an advisory committee similar to one described in previous recommendation.

*****Testimony Regarding Property Tax Rollbacks*****

XI. Property Tax Rollbacks- Constitutional and Statutory Requirements- Jason Zamkus Memo

A. Article X, section 22 of the Missouri Constitution states-

"if the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each county or other political subdivision shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value." Basically, if the assessed value of property within a political subdivision increases by an amount greater than the increase in the general price level, exclusive of new construction and improvements, the political subdivision must roll back property tax rates, adjusted for changes in the general price level in order to maintain revenue neutrality.

B. Section 137.073, RSMo, requires-

"when changes in assessed valuation are entered in the assessor's books, all political subdivisions shall immediately revise the applicable rates of levy for each purpose for each subclass of real property, individually, and personal property in the aggregate, for which taxes are levied to the extent necessary to produce from all taxable property, exclusive of new construction and improvements, substantially the same amount of tax revenue as was produced in the previous year for each subclass of real property, individually, and personal

property in the aggregate, except that the rate may not exceed the greater of the rate in effect in the 1984 tax year or the most recent voter-approved rate."

As provided in Article X, section 22 of the Missouri Constitution, a political subdivision may revise each property tax levy to allow for inflationary assessment growth occurring within the political subdivision. However, the inflationary growth factor for any subclass of real or personal property is limited to the actual assessment growth in such subclass, exclusive of new construction and improvements, and exclusive of the assessed value of any real property which was assessed by the assessor of a county or city in the current year in a different subclass of real property, but not to exceed the consumer price index or five percent, whichever is lower.

C. Summary-

When there is an increase in assessed valuation in excess of the general price level, a political subdivision must roll back property tax rates to maintain revenue neutrality while still allowing for inflationary growth, but such growth is limited to the lower of the increase in the consumer price index or five percent.

XII. Kirkwood Public Library, Liz Walker- August 8, 2005

- A. Kirkwood library has a voter approved tax rate of 24 cents, however complying with rollbacks, it will only levy a 19 cent tax 20% less than the ceiling
- B. Publicly post current tax rate and tax ceiling
- C. 85% of its revenue comes from property tax
- D. The Kirkwood public library gained a little over 3% from new construction
- E. Kirkwood city is rolling back rates
- F. Liz Walker's property tax on her residence is down 8% this year, but it has been up nearly 20% in the past

XIII. David Glaser- Chief Financial Officer of Rockwood School District- August 8, 2005

- A. Property Tax is one of three largest funding mechanisms for schools
- B. Study of assessment practices should be done
- C. Is putting together empirical evidence regarding discrepancies in assessments
- D. Working to do study of 5 counties, then 20 more, then 10 more
- E. Wants the report produced by the committee to have statistically valid numbers and accurately reflect what is going on
- F. Missouri needs a reliable assessment practice so money is distributed equitably under formula

XIV. Tony Hiesberger- Cole County Presiding Commissioner- September 7, 2005

- A. Take a look at jurisdictions that are not lowering tax rates
- B. Gave example of Jefferson City 7-8% increase in assessed valuation without rolling back the tax rates

XV. Chris Straub- Missouri School Board Association- September 7, 2005

- A. Schools get money from state assessed railroad property, etc. based on the average of all the area schools' rate
- B. Missouri Constitution and laws regulate the tax rate ceiling
- C. School districts can levy \$2.75 for operating expenses without voter approval due to Constitutional Amendment #3 (1998)
- D. Residential assessment has been much higher than other types of property
- E. Make everyone have multi-tax rate- it would make reassessment less of a political issue
- F. Raise per parcel appropriation for assessors

XVI. Edward Bushmeyer- City of St. Louis Assessor- August 8, 2005

- A. St. Louis is one of four jurisdictions that has a Certificate of Value requirement- the city of St. Louis provides the STC with a quarterly analysis of the effectiveness of the COV requirement
- B. Home sale values have increased over 50% over the last two assessment cycles
- C. City of St. Louis finds the permit process helpful
 - 1. Permits obtained for construction projects in homes or businesses provide assessors an idea of the value that the construction adds to the property
 - 2. It is still difficult to determine an exact value of the house because they cannot go inside the house to look at its amenities
- D. During the current reassessment cycle, 108,000 notices were sent out to residential properties, 12,000 were sent out to commercial properties
- E. There has been however, a substantial increase of appeals- 682 in all this year
- F. It is extremely difficult for an assessor to predict how much a property owner's tax bill will change over the course of an assessment cycle
- G. Rollbacks
 - 1. 2 years ago- the city had a 2.4% rollback
 - 2. 2004 had a roll-up due to a decline in assessed valuation (personal property)
 - 3. 2005 expects a rollback in excess of 2.4%



MISSOURI DEPARTMENT OF REVENUE
PARTNERSHIP RETURN OF INCOME

2005
FORM
MO-1065

FOR THE YEAR JANUARY 1 – DECEMBER 31, 2005, OR FISCAL YEAR BEGINNING

2005, AND ENDING

20

☐ AMENDED RETURN ☐ FINAL RETURN ☐ NAME, ADDRESS, FEIN CHANGE ☐ COMPOSITE

BUSINESS NAME

**DOR USE
ONLY**

NUMBER AND STREET

MISSOURI I.D. NUMBER

CITY OR TOWN, STATE, ZIP CODE

FEDERAL I.D. NUMBER

INFORMATION FOR FILING

If you are a **Limited Liability Company**,
being taxed as a partnership,
please check here. ☐

1. Does the partnership have ANY Missouri modifications? ☐ YES ☐ NO If YES, complete Parts 1 and 2 below.
2. Does the partnership have ANY nonresident partners? ☐ YES ☐ NO If YES, complete Form MO-NRP.
NOTE: If NO to both questions, do not complete remainder of return. Attach a copy of Federal Form 1065 and all its schedules, including Schedule K-1, sign below, and mail.

PART 1 — MISSOURI PARTNERSHIP ADJUSTMENT

Additions (attach detailed explanation of each item)

1. State and local income taxes deducted on Federal Form 1065	1		00		
2. Less: Kansas City and St. Louis earnings taxes	2		00		
3. Net (subtract Line 2 from Line 1)				3	00
4. State and local bond interest (except Missouri)	4		00		
5. Less: related expenses (omit if less than \$500)	5		00		
6. Net (subtract Line 5 from Line 4)				6	00
7. <input type="checkbox"/> Partnership <input type="checkbox"/> Fiduciary <input type="checkbox"/> Other adjustments (list _____)				7	00
8. Missouri depreciation adjustment (See Section 143.121, RSMo.)				8	00
9. Net operating loss (See Section 143.121.2(d), RSMo.)				9	00
10. Total of Lines 3, 6, 7, 8, and 9				10	00

Subtractions (attach explanation of each item)

11. Interest from exempt federal obligations	11		00		
12. Less: related expenses (omit if less than \$500)	12		00		
13. Net (subtract Line 12 from Line 11)				13	00
14. Amount of any state income tax refund included in federal ordinary income				14	00
15. <input type="checkbox"/> Partnership <input type="checkbox"/> Fiduciary <input type="checkbox"/> Other adjustments (list _____)				15	00
16. Missouri depreciation adjustment (See Section 143.121, RSMo.)				16	00
17. Total of Lines 13, 14, 15, and 16				17	00
18. Missouri partnership adjustment — NET ADDITION — excess Line 10 over Line 17				18	00
19. Missouri partnership adjustment — NET SUBTRACTION — excess Line 17 over Line 10				19	00

PART 2 — ALLOCATION OF MISSOURI PARTNERSHIP ADJUSTMENT TO PARTNERS

COMPLETE IF PART 1 INDICATES A PARTNERSHIP ADJUSTMENT

1. NAME OF EACH PARTNER. ALL PARTNERS MUST BE LISTED USE ATTACHMENT IF MORE THAN FOUR.	2. CHECK BOX IF PARTNER IS NONRESIDENT	3. SOCIAL SECURITY NUMBER	4. PARTNER'S SHARE %	5. PARTNER'S PARTNERSHIP ADJUSTMENT <input type="checkbox"/> ADDITION <input type="checkbox"/> SUBTRACTION
a)	<input type="checkbox"/>		%	00
b)	<input type="checkbox"/>		%	00
c)	<input type="checkbox"/>		%	00
d)	<input type="checkbox"/>		%	00
TOTAL			100 %	00

COLUMN 4 — Enter percentages from Federal Form 1065, Schedule K-1. Round percentages to whole numbers.

COLUMN 5 — Enter Missouri partnership adjustment from Part 1, Line 18 or 19. Multiply each percentage in Column 4 times the total in Column 5. Indicate at the top of Column 5, whether the adjustments are additions or subtractions. A copy of this part (or its information) must be provided to each partner. The amount after each partner's name in Column 5 must be reported as a modification on his/her Form MO-1040, Individual Income Tax Return, Part 1 of the Form MO-A, as an addition to, or subtraction from, the federal adjusted gross income. Each partner must attach an explanation for the adjustment to his/her return.

AUTHORIZATION

I authorize the Director of Revenue or delegate to discuss my return
and attachments with the preparer or any member of his/her firm.

☐ YES ☐ NO

PREPARER'S TELEPHONE NUMBER

SIGNATURE — PLEASE SIGN BELOW

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than partner or member) is based on all information of which he/she has any knowledge.

SIGNATURE OF GENERAL PARTNER	PREPARER'S SIGNATURE (OTHER THAN TAXPAYER)	FEIN, SSN OR PTIN
DATE	TELEPHONE NO.	PREPARER'S ADDRESS AND ZIP CODE
		DATE

ATTACH COPY OF FEDERAL FORM 1065 AND ALL ITS SCHEDULES, INCLUDING K-1 AND SEND WITH COMPLETED RETURN TO: Missouri Department of Revenue P.O. Box 3000, Jefferson City, MO 65105-3000.

GENERAL INFORMATION

This information is for guidance only and does not state the complete law.

Who Must File Form MO-1065

Form MO-1065 must be filed, if Federal Form 1065 is required to be filed and the partnership has (1) a partner that is a Missouri resident or (2) any income derived from Missouri sources, Section 143.581, RSMo. Items of income, gain, loss, and deduction derived from, or connected with, sources within Missouri are those items attributable to (1) the ownership or disposition of any interest in real or tangible personal property in Missouri or (2) a business, trade, profession, or occupation carried on in Missouri. Income from intangible personal property, to the extent that such property is employed in a business, trade, profession, or occupation carried on in Missouri, constitutes income derived from sources within Missouri.

Short Form — Form MO-1065

If you check "No" on both questions 1 and 2 on Form MO-1065, attach a copy of Federal Form 1065 and all its schedules, including Schedule K-1. Sign Form MO-1065 and mail the return.

If you check "Yes" on question 1 on Form MO-1065, Parts 1 and 2 must be completed. If "Yes" was checked on question 2, Form MO-1065, complete Form MO-NRP. Attach a copy of Federal Form 1065 and all its schedules, including Schedule K-1. Sign Form MO-1065 and mail the return.

When and Where to File

A Missouri partnership return should be completed after the federal partnership return is completed. The Missouri partnership return is due no later than the 15th day of the 4th month following the close of the taxable year. For partnerships operating on a calendar year basis, the partnership return is due on or before April 15. When the due date falls on a Saturday, Sunday, or legal holiday, the return will be considered timely if filed on the next business day. Please mail the return to: Missouri Department of Revenue, P.O. Box 3000, Jefferson City, MO 65105-3000.

Period Covered by the Return

Form MO-1065, Partnership Return of Income, must cover the same period as the corresponding Federal Form 1065. Indicate the period covered on the front of the return if other than a calendar year.

Rounding on Missouri Returns

You must round all cents to the nearest whole dollar on your return. For cents .01 through .49, round down to the previous whole dollar amount. For cents .50 through .99, round up to the next whole dollar amount. For your convenience, the zeros have already been placed in the cent columns on the returns.

Credits

Partners may be entitled to tax credits. These credits must be allocated to the partners' percentage of ownership and reported on the Form MO-1040, Individual Income Tax Return. See Form MO-1040 and Form MO-TC instructions for further information. You may also access the information at www.dor.mo.gov/tax/misc/taxcredit.

Nonresident Partners

Every partnership, including limited liability companies that are treated as a partnership by the Internal Revenue Service (IRS), must file Form MO-1NR, Income Tax Withheld for Nonresident Individual Partners or S Corporation Shareholders and send in copies of Form MO-2NR, Statement of Income Tax Payments for Nonresident Individual Partners or S Corporation Shareholders, if it has nonresident individual partners who do not meet one of the following exceptions:

- the nonresident partner, not otherwise required to file a return, elects to have the Missouri income tax due paid as part of the partnership's composite return;
- the nonresident partner, not otherwise required to file a return, had Missouri assignable federal adjusted gross income from the partnership of less than twelve hundred (\$1,200) dollars;
- the partnership is liquidated or terminated, income was generated by a transaction related to termination on liquidation, and no cash or property was distributed in the current or prior taxable year.

A nonresident partner can request the partnership be exempt from withholding by filing a completed Form MO-3NR, Partnership/S Corporation Withholding Exemption/ Revocation Agreement.

Form MO-1NR must be filed by the due date or extended due date for filing the partnership income tax return. Form MO-3NR must be filed by the due date for filing the partnership income tax return without regard to an extension of time to file. Forms may be obtained by contacting: Missouri Department of Revenue, Taxation Bureau, P.O. Box 3022, Jefferson City, MO 65105-3022, calling (800) 877-6881 (TDD (800) 735-2966), visiting the department's web site at www.dor.mo.gov/tax, or contacting the department's Forms-by-Fax at (573) 751-4800.

If you have technical questions concerning the filing of Form MO-1NR and Form MO-3NR, you may contact the Taxation Bureau at (573) 751-1467.

Partnerships filing a composite return on behalf of their nonresident partners should mark the composite return box on Page 1 of the return. The composite return is filed on the Form MO-1040. Complete instructions can be found on the department's web site at www.dor.mo.gov/tax/business/forms/composite.pdf.

Authorization

Check the "yes" box for authorization of release of confidential information for the Director of Revenue or delegate to discuss this return and attachments with the preparer whose signature appears on the Form MO-1065 or to any member of his/her firm. If the authorization box is checked "no", or if no box is checked, the Department of Revenue can only discuss this return with a partner. Refer to Section 32.057(1), RSMo.

Sign the Return

Form MO-1065, Partnership Return of Income, must be signed by one of the partners of the partnership or one of the members of the joint venture or other enterprise. Any member or partner, regardless of position, may sign the return.

Internet

To obtain information and Missouri tax forms, access our web site at: www.dor.mo.gov/tax

Tax Forms Available by Fax

Blank Missouri tax forms are available by fax. To access the Forms-by-Fax system call (573) 751-4800 from your fax machine handset. The Forms-by-Fax system will take you through the steps required to receive a fax copy of the forms you need. If you are speech or hearing impaired, please call TDD (800) 735-2966 or fax (573) 526-1881.

Americans With Disabilities Act (ADA)

The state of Missouri offers a Dual Party Relay Service (DPRS) for speech/hearing impaired individuals in accordance with the Americans with Disabilities Act (ADA). An individual with a speech/hearing impairment may call a voice user at TDD (800) 735-2966 or fax (573) 526-1881.

FORM MO-1065, PARTNERSHIP RETURN OF INCOME INSTRUCTIONS

Part 1 — Missouri Partnership Adjustment

The addition and subtraction items listed on Part 1 are necessary Missouri modifications. Completion of Part 1 will result in the net Missouri partnership adjustment that will be allocated to the partners in Part 2. The partner's adjustment can only be made from information available from the partnership. It is necessary for each partnership having modifications to complete Form MO-1065, Parts 1 and 2, and notify each partner of the adjustment to which he/she is entitled.

Interest on Exempt Federal Obligations — Interest from direct obligations of the U.S. Government, such as U.S. savings bonds, U.S. treasury bills, bonds, and notes is exempt from state taxation under the laws of the United States. Attach a detailed list of all Federal Form 1099(s). Partnerships that claim an exclusion for interest from U.S. obligations must identify the specific securities owned, (e.g., U.S. savings bond). A general description, such as "interest on U.S. obligation" or "U.S. Government securities" is not acceptable. (See 12 CSR 10-2.150 for the taxability of various U.S. Government-related obligations.) A list of exempt U.S. obligations must be provided to each partner by the partnership. This list will allow the partner to report the modification on his/her Form MO-1040, Individual Income Tax Return.

A federally taxed distribution received from a mutual fund investing exclusively in direct U.S. Government obligations is exempt. If the mutual fund invests in both exempt (direct) and nonexempt (indirect) federal obligations, the deduction allowed will be the distribution received from the mutual fund attributable to the direct U.S. Government obligations, as determined by the mutual fund. A copy of the year-end statement received from the mutual fund showing the amount of monies received or the percentage of funds received from direct U.S. Government obligations or a summary statement received from the mutual fund which clearly identifies the exempt and nonexempt portions of the U.S. Government obligations interest, must be provided to each partner by the partnership. Note: Failure to attach a copy of the notification furnished to you that specifically details the amount of the subtraction being claimed as the distributive share will result in the disallowance of the deduction.

In arriving at the amount of related expenses, the taxpayer may use actual expenses or a reasonable estimate. In general, the taxpayer should use the same or similar method to that used to compute related expenses for federal income tax purposes, provided that the method reasonably reflects related expenses for Missouri-exempt income.

If a taxpayer fails to compute reasonable related expenses, the Director of Revenue will make an adjustment based on the best information made available. If sufficient information is not made available or if the taxpayer's records do not provide sufficient information, the Director of Revenue will use the following formula to compute related expenses:

$$\frac{\text{Exempt income}}{\text{Total income}} \times \text{Expense items} = \text{Reduction to exempt income}$$

The principal expense item in this formula is interest expense; however, the Director of Revenue may include other expense items because of the direct relationship to the production of exempt income. The taxpayer may propose an alternative method provided that it properly reflects the amount of related expenses.

A net operating loss cannot be carried back to more than two tax periods. See Section 143.121.2(d), RSMo for more information.

The difference between the federal and Missouri depreciation calculated on assets purchased between July 1, 2002 and June 30, 2003 must be added/subtracted to disallow the accelerated depreciation and redistributed in subsequent years. See Section 143.121, RSMo for more information. See www.dor.mo.gov/tax for more information, including information regarding the "30 Percent Special Depreciation Allowance".

Part 2 — Allocation of Missouri Partnership Adjustment to Partners

Part 2 indicates the portion of the Missouri adjustment from Part 1 that is allocated to each partner. Column 4 and the instructions for Column 5 are based upon the usual situation that a single general profit and loss sharing percentage applies to all partnership items and related modifications. Attach a detailed explanation (including extracts from the partnership agreement) if the Column 5 amounts are not based upon the same single percentage allocation indicated on Federal Form 1065, Schedule K-1. The explanation must include the nontax purposes and effects of the special allocation method.



MISSOURI DEPARTMENT OF REVENUE
**MISCELLANEOUS INCOME
TAX CREDITS**

**2005
FORM
MO-TC**

Attachment Sequence No. 1040-02, 1120-04,
1120S-02, 1120A-01

NAME (LAST, FIRST)		SOCIAL SECURITY NUMBER/FEIN	
SPOUSE'S NAME (LAST, FIRST)		SPOUSE'S SOCIAL SECURITY NUMBER/FEIN	
CORPORATION NAME	MITS/MO I.D. NUMBER	CHARTER NUMBER	

- Each credit will apply against your tax liability in the order they appear on the form.
- If you are claiming more than 10 credits, attach an additional sheet.
- If you are filing a combined return, both names must be on the certificate/form from the issuing agency.

USE THIS FORM TO CLAIM INCOME TAX CREDITS ON FORM MO-1040, MO-1120, MO-1120A, MO-1120S, OR MO-1041. ATTACH TO FORM MO-1040, MO-1120, MO-1120A, MO-1120S, OR MO-1041.

	BENEFIT NUMBER (Assigned by DED only)	ALPHA CODE (3 Characters) from back	CREDIT NAME		• YOURSELF • one income • corporation income • fiduciary	• SPOUSE on a combined return • corporation franchise	DOR USE ONLY
					Column 1	Column 2	
1.				1		00	00
2.				2		00	00
3.				3		00	00
4.				4		00	00
5.				5		00	00
6.				6		00	00
7.				7		00	00
8.				8		00	00
9.				9		00	00
10.				10		00	00
11. SUBTOTALS — add Lines 1 through 10.				11		00	00
12. Enter the amount of the tax liability from Form MO-1040, Line 29Y for yourself and Line 29S for your spouse, or from Form MO-1120, Line 13 plus Line 14 for income or Line 15 for franchise; Form MO-1120A, Line 6 for income or Line 10c for franchise; Form MO-1120S, Line 15 for franchise tax; or Form MO-1041, Line 17.				12		00	00
13. Total Credits — add amounts from Line 11, Columns 1 and 2. (Enter here and on Form MO-1120, Line 17; Form MO-1120A, Line 12; Form MO-1120S, Line 16; Form MO-1040, Line 36; or Form MO-1041, Line 18.) Line 13 cannot exceed the amount on Line 12, unless the credit is refundable.				13			00

MO 860-2274 (11-2005)

For Privacy Notice, see the Form MO-1040 instructions.

Instructions

- If you are filing an individual income tax return and you have only **one** income, use Column 1.
- If you are filing a combined return and **both** you and your spouse have income, use Column 1 for yourself and Column 2 for your spouse.
- If you are filing a fiduciary return, use Column 1.
- If you are filing a corporation income tax return, use Column 1. If you are filing a corporation franchise tax return, use Column 2.
- If you are a shareholder or partner and claiming a credit, you must attach a copy of the shareholder listing, specifying your percentage of ownership.

Benefit Number:

Only the credits issued by the Department of Economic Development (DED) will have a benefit number. The number is located on your Certificate of Eligibility Schedule (Certificate).

Alpha Code:

This is the three character code located on the back of the form. Each credit is assigned an alpha code to ensure proper processing of the credit claimed.

Miscellaneous tax credits are administered by various agencies. For more information, forms, and approval to claim these credits, contact the following departments. Visit <http://www.dor.mo.gov/tax/taxcredit> for a description of each credit and more contact information for agencies administering each credit. *Approved by the Issuing Agency

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PO BOX 118, JEFFERSON CITY, MO 65102-0118

<http://www.ded.missouri.gov>

Alpha Code	Name of Credit and Phone Number	Attach to Form MO-TC
BEC	Bond Enhancement — (573) 526-4194	Certificate*
BFC	New or Expanded Business Facility — (573) 751-0717	Schedule 150, Fed. K-1, Form 4354
BJI	Brownfield "Jobs and Investment" — (573) 522-8004	Certificate*
CBC	Community Bank Investment — (573) 751-9051	Certificate*
DPC	Development Tax Credit — (573) 751-0717	Certificate*
DTC	Demolition — (573) 522-8004	Certificate*
DFH	Dry Fire Hydrant — (573) 751-0717	Certificate*
EZC	Enterprise Zone — (573) 751-0717	Schedule 250, Fed. K-1, Form 4354
FDA	Family Development Account — (573) 526-0717	Certificate*
FPC	Film Production — (573) 751-0717	Certificate*
HPC	Historic Preservation — (573) 522-8004	Certificate*
ISB	Small Business Investment (Capital) — (573) 751-0717	Certificate*
MQJ	Missouri Quality Jobs (573) 751-0717	Certificate*
NAC	Neighborhood Assistance — (573) 751-0717	Certificate*
NEZ	New Enhanced Enterprise Zone — (573) 751-0717	Certificate*
NEC	New Enterprise Creation — (573) 751-0717	Certificate*
RCC	Rebuilding Communities — (573) 751-0717	Certificate*
RCN	Rebuilding Communities and Neighborhood Preservation Act — (573) 522-8004	Certificate*
REC	Qualified Research Expense — (573) 751-0717	Certificate*
RTC	Remediation — (573) 522-8004	Certificate*
SBI	Small Business Incubator — (573) 751-0717	Certificate*
SBG	Small Business Guaranty Fees — (573) 751-0717	Certificate*
SCC	Missouri Business Modernization and Technology (Seed Capital) — (573) 751-0717	Original Certificate*
TDC	Transportation Development — (573) 751-0717	Certificate*
WGC	Wine and Grape Production — (573) 751-0717	Certificate*
YOC	Youth Opportunities — (573) 751-0717	Certificate*

MISSOURI DEVELOPMENT FINANCE BOARD

PO BOX 567, JEFFERSON CITY, MO 65102-0567

<http://www.mdffb.org> • (573) 751-8479

Alpha Code	Name of Credit	Attach to Form MO-TC
BUC	Missouri Business Use Incentives for Large Scale Development (BUILD)	Certificate*
DRC	Development Reserve	Certificate*
EFC	Export Finance	Certificate*
IDC	Infrastructure Development	Certificate*

MISSOURI DEVELOPMENT HOUSING COMMISSION

3435 BROADWAY, KANSAS CITY, MO 64111

<http://www.mhdc.com>

Alpha Code	Name of Credit and Phone Number	Attach to Form MO-TC
AHC	Affordable Housing Assistance — (816) 759-6662	Certificate*
LHC	Missouri Low Income Housing — (816) 759-6668	Eligibility Statement, Fed. K-1, 8609A, 8609 (first yr.)

MISSOURI DEPARTMENT OF REVENUE

PO BOX 2200, JEFFERSON CITY, MO 65105-2200

<http://www.dor.mo.gov/tax> • (573) 526-8733 or (573) 751-4541

Alpha Code	Name of Credit	Attach to Form MO-TC
ATC	Special Needs Adoption	Form ATC
BFT	Bank Franchise Tax	Form INT-2, Form BFT, Schedule BF

BTC Bank Tax Credit for S Corporation

Shareholders

DAC Disabled Access

Form BTC, Form INT-2,

Fed. K-1

Federal Form 8826 and

Form MO-8826

MISSOURI AGRICULTURAL AND SMALL BUSINESS DEVELOPMENT AUTHORITY

PO BOX 630, JEFFERSON CITY, MO 65102-0630

<http://www.mda.mo.gov> • (573) 751-2129

Alpha Code	Name of Credit	Attach to Form MO-TC
APU	Agricultural Product Utilization Contributor	Certificate*
NGC	New Generation Cooperative Incentive	Certificate*

MISSOURI DEPARTMENT OF NATURAL RESOURCES

JEFFERSON CITY, MO 65105

<http://www.dnr.missouri.gov>

Alpha Code	Name of Credit and Phone Number	Attach to Form MO-TC
CPC	Charcoal Producers — (573) 751-4817	Certificate*
WEC	Processed Wood Energy — (573) 751-3443	Certificate*

MISSOURI DEPARTMENT OF SOCIAL SERVICES

3515 AMAZONAS DR., JEFFERSON CITY, MO 65109

<http://www.dss.missouri.gov> • (573) 751-8934

Alpha Code	Name of Credit	Attach to Form MO-TC
MHC	Maternity Home	Certificate*

MISSOURI DEPARTMENT OF PUBLIC SAFETY

PO BOX 749, JEFFERSON CITY, MO 65102-0749

<http://www.dps.mo.gov> • (573) 751-4905

Alpha Code	Name of Credit	Attach to Form MO-TC
DVC	Shelter for Victims of Domestic Violence	Certificate*

MISSOURI DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

PO BOX 480, JEFFERSON CITY, MO 65102-0480

<http://www.dese.mo.gov> • (573) 751-4192

Alpha Code	Name of Credit	Attach to Form MO-TC
SMC	Sponsorship and Mentoring Program	Certificate*

MISSOURI DEPARTMENT OF HEALTH DIVISION OF SENIOR SERVICES

PO BOX 570, JEFFERSON CITY, MO 65102-0570

<http://www.dhss.missouri.gov> • (800) 235-5503

Alpha Code	Name of Credit	Attach to Form MO-TC
SCT	Shared Care	Must Register Each Year With Division of Aging—Attach Form MO-SCC

Trust Fund and Charitable Organization Contributions

Many Missourians will overpay their Missouri income tax and as a result will receive a refund for the amount that they overpaid; even if the taxpayer did not overpay, they are still allowed to make a donation to specific funds. Missouri law allows taxpayers to donate to the following funds:

Taxpayers may designate \$2 or more on individual returns or \$4 or more on combined returns to the following funds, all of which are administered by the State Treasurer.

Children's Trust Fund- (Section 143.1000, RSMo)

Veteran's Trust Fund- (Section 143.1001, RSMo)

Home Delivered Meals Trust Fund- (Section 143.1002, RSMo)

National Guard Trust Fund- (Section 143.1003, RSMo)

Taxpayers may designate \$1 or more on individual returns or \$2 or more on combined returns to the following funds, which are administered by the State Treasurer.

Missouri Military Family Relief Fund- (Section 143.1004, RSMo) (This designation for the fund expires in 2011 for the 2010 tax year.)

Childhood Lead Testing Fund- (Section 143.1006, RSMo)

Workers Memorial Fund- (Section 143.1025, RSMo)

Taxpayers may designate all or part of their refund to:

General Revenue Fund- (Section 143.1020, RSMo)

Missouri Public Services Health Fund (Section 143.1007, RSMo)

Charitable Organization Funds Authorized to Solicit Donations from Taxpayers via the Income Tax Form

Taxpayers may elect to donate (\$1-\$200) to the following charitable organizations:

American Cancer Society, Heartland Division Inc., Fund

ALS Lou Gehrig's Disease Fund

American Lung Association of Missouri Fund

Muscular Dystrophy Association of Missouri Fund

Arthritis Foundation Fund

National Multiple Sclerosis Society Fund

American Diabetes Association Gateway Area Fund

American Heart Association Fund

March of Dimes Fund

(This information was obtained from Section 143.1005, RSMo)